

## Effective factors on the trend of privatization in Iran

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### ABSTRACT

There are so many factors to direct one country towards economic development. One of most important factors is proper and planned privatization. Proper planning to implement the privatizations depending on different factors whose several most fundamental are addressed in this article. Underground economy of Iran has extensively attributed wide volume of activities that are not registered gross domestic product and also result in disordering tax system of country and affecting on privatization system and financially affecting on the government by implementing an effective role can do most great effective on privatization. Our country and officials, meanwhile, can use the experiences of other countries which are either successful or unsuccessful to the privatization and take their programs into consideration. Moreover, the recognition of the privatization's barriers in different levels helps us too much to eliminate the barriers in the stages of the privatization. One of other imaginative cases that the public's obtain due to not having sufficient information to reach privatization and consider it a way to reach the poverty, this thought can be eliminated by proper creation- culture and another case is the role of private bank to implement privatization targets which proper Islamic banking can be a major assistance to investors at different industries and according to all aspect of mentioned factors, we are able to step for development.

**KEY WORDS:** Privatization, economy, bank, agent.

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### INTRODUCTION

One of effective and dynamic economic indicators is privatization and the experience shows that the countries strides perfectly and weightily towards the privatization that can have a lot of problems and it is required to efficient management. Privatizations as an eco-policy and it is believed that ownership and private control is most sufficient in the view of allocation of resources against the public ownership.

Many organizations are on this believed that the growing of leaders is the only way to certain them about the existence of executive talents whom they need in the future's competitive world (W.C. Byham, et al, 2000)

What is expected from the privatization is resulting from modifying autonomy and flexibility in management system and transmission of the ownership of governmental units to real and legal persons. Therefore, once the privatization can results in internal efficiency of governmental agents and institutions that it follows ownership transmission. Otherwise most important private purpose, which is, increasing the efficiency, is connived. Privatization has dealing with defining new opportunities for contributing private sector and economical activities and reducing the volume of officials. In other words, the aim of privatization is nothing than modifying governmental structure and eliminating the monopoly. Thus implementing privatization is not considered as logical and at least an economy rather than these cases.

In both private and public organizations, leadership development is a critical and strategic issue. Organizations that have an obvious vision for developing future leaders, supporting organizational structure, and a strategic plan to utilize leadership programs will be much better prepared for the challenges of future (S.L. Leskiw, et al, 2007)

In a stanza of the policies of principle 44 of constitution, it is asked from the government that if it should be basic step to contract the power and increase the productivity in the 20 year perspective. In successful organizations, in order to raise the leadership capacity, they use a variety of Developmental activities. (S. Brittingham, 2009)

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In our country, due to the fact that our economy is established by governmental basis, in direction of the privatization we encounter the problems including different factors that most important one is addressed by this article. Attending to these factors that are basic motivations for directing us to our purposes, these factors are including as follows:

- 1- Underground economy of Iran: from the features of Iran economy is expended volume of underground economy. Underground economy that is called by other expressions such as "informal", "equivalent", "unregistered", "gray" and so on include the activities which are tax exempt both legally and illegally. These activities are not registered in the list of gross domestic product. The volume of underground economy is depending on the level of complexity of tax system, conclusion of the citizens to pay tax, intensity of penal rights, feasibility of economic principles and the tolerance of the society against the corruption of officials and executive powers every country. Certainly Iran is not only country in economy dichotomy, but what distinguishes our underground economy from other countries is not the entity of economy. Underground economy of Iran is not a deviation, but it's a natural branch of a unique structure. In European countries that unregistered economical activities are magnified and this legal circle of economy has been seriously clashed, these are different in our country. Increment of underground economy of the country effects on internal economy activities. In negative viewpoint, expending underground economy deprives government's treasury from tax incomes and results in increasing the budget deficit and expanding industry in private and as a result the enormous loans are required for governmental sector services. Whatever underground economy expands very widely, at the same measure, the level of presented general services is weaker and improper. Also the problems which came into being resulting from illegal nature of these activities lead to lose the resources. Unclear and hidden transactions will be increased. Moreover, underground economy by making disorder and alteration in gross domestic product, particularly in internal distribution result in eliminating the supervision and inability to adopt proper economy policies. But by +viewpoint about Iran, stability and flexibility of informal economy may make native economy activity flexible. For example, financial autonomy of credit networks of the market from national bank results in the stability in unpredicted financial crises. Moreover, according to the fact that credit network of market is established based on human relations and trust against each other, this network leads to reduce executive and informative costs. Moreover, the persons who are able to find a job in formal section of economy and employing informal section. Totally underground economy has negative effects on economy, because this leads to lose the references, observing the priorities in investments, injection of negative shock to economy advancement and making the barrier to establish appropriate supervision. (Amozegar, 2008)

Thus one of most important factors to privatization is attention to underground economy of Iran that is competitive factors for manufacturing and private. It is annually observed that smuggled ownerships in Iran and entering those damages to the manufacturing companies and in this direction, for privatization's sake, it should be challenged as one trouble for establishing privatization.

## 2- Role of government in privatization

Regarding to the problems of constitution of Islamic Republic of Iran, the basis of Iranian economy is belonging to the governmental sector and the activity of private sector is only as a complementary and is accepted in down branches. In the year 2005, new interpretation of this principle is presented by Supreme leader Khamenei that announced private activity in fundamental upper sector of legal economy. Supreme leader Khamenei communicated the interpretation of the stanza "C" of principle 44 of constitution that based on private sector could present in the parts of macro-economy, but what has been executed since four years is not validity for privatization and governmental units, generally transfers to other, semi-governmental sector institutions. But communication of principle 44 of constitution's the policies by Supreme leader made contracted the government, competitive environment, decreasing the costs, increasing productivity and services and new evolution in the country to reach the privatization.

Twenty first century is the century of change with an increasing speed. Change that are not in line neither with the

Past nor the future; and they are the consequence of events and conditions totally disconnected with the trend of the past. (S. Iranzadeh, 2002)

The stanza "C" of general policies of principle 44 of constitution within 20 year document is requested form as follows:

- Changing the role of government from direct management and ownership of agent to policy making and guidance
- Empowering private and corporate sectors in economy and support it to compete the goods in international markets
- Preparing internal agents to meet conscious 10413 ie principles of global business in a gradual and proposed process
- Developing and promoting national standards and adaptations of human investment, basic sciences and exports
- Developing adaptation of evaluation systems of quality with international standards
- Orientating the privatization along increasing efficiency and competitiveness and expression of general ownership and based on the suggestion of council of system policy realization, the stanza "C" of general policies of principle 44 of constitution is communicated in Islamic Republic of Iran, regarding to stanza 1 of principle 110.
- Donating 80% stock of governmental sector agent involving primary stock of principle 44 of constitution to private sectors of corporate companies and general non- governmental sector agents is as follows:
  - 1- Governmental agents that are active in the ground of great mines , industry and mother industry such as down great oil and gas industry excluding national oil company of Iran and companies extracting and generating petroleum and gas
  - 2- Governmental sector banks excluding central bank of Islamic Republic of Iran
  - 3- Insurance companies excluding central and Iran insurances
  - 4- Air plane and navigation companies excluding governmental sector air plane and ports and navigation organizations.
  - 5- Agent of providing energy excluding main networks of electricity transmission
  - 6- Post and communication offices , affairs of denotation and main networks of disposition and transactions and distribution management of basic postal service
  - 7- Industries relating to armed forces excluding defensive and secure products realizing commander of all powers.( Misaghe Modiran press,2007)

To face these challenges, organizations must be more flexibility in their structure. (R.M. Fulmer, et al, 2000)

But according to communicating these principles, although government steps in this field, these actions are not sufficient and one of cases that government acts in the direct of privatization is to distribute equity stock that has high cons and problems. For this reason, only 10% investment is real in private of our country and it seems that by distributing equity stock, no special event occurs in privatization sector .( Afarinesh Newspaper, 2009)

Therefore, basic problem relating to privatization discussions is that the role of private and governmental sector that should be taken into consideration.

For sustained survival of the organization, there is a need for leaders to continually assess their strategic position and align the organization's idealistic purpose with the organizational overall mission, goals, and objectives .( K.S. Cameron, et al, 2006)

In fact, there is no for generalization of determining precise role of government and private and this is depending on different positions that cannot be considered one stable and generalized issue. The history of privatization teaches us lots of points. There are so many successful privatizations, e.g. the privatization which leads to productivity and to reach more electricity, water, gas, etc., resources and certainly, it is necessary to mention that the issues of privatization lead to the problems in some cases.

In recent years organizations recognized that they cannot be assured the job stability of their employees. There are many factors like illness, retirement, attrition and more attractive job offers which may cause instability in an Organization's workforce.( W.J. Roth well, 2005).

Therefore, its history shows that it leads to development, productivity and increases the efficiency and sometimes makes the problems and if those are not perfectly performed, the development will be affected. However, the government has a fundamental role to execute privatization and if it does not perform, privatization will not be successful.

Islamic Republic of Iran is a country in the Middle East. It is almost 1,648,195 square kilometers and its population is more than 70 million people. (R. Girshman, 2004)

Preliminary report of specific commission of supervision on executing the policies of parliament principle 44 of constitution shows the process of executing this principle dating 26<sup>th</sup> November 2009 by members of parliament and some parts have been read in the tribune of parliament. This 35 page report is arranged in 6 sections including information of " lack of perfect execution and corporation of the

policies of principle 44 of constitution and also procrastination and refusal of some executive system in the field then in the interpretation of informer of parliament economy commission, show that "the government has not get acceptable score to implement the principle 44 of constitution". A part of specific commission report is important because of one of 10 basic introduced challenges from this commission to implement mentioned principle in specific report, that is "denotation the stock and ownership of governmental sector companies and lack of denotation their management that result in reducing government's incumbency and related ministers either to address current affairs of these companies or consider them as an instrument of leverage than policy making, drawing policy and providing strategies, guide, supervision, control and performing authoritarian affairs. (economical world newspaper, 2009).

Public organizations in Iran used to control 80% of the Iran's economy. To overcome this imbalance, the government of Iran started to privatize a number of enterprises that was managed by the government. (B. Khajepour, 2000)

Privatization is the transfer of property or responsibility from the public sector such as the government to the private sector (G. Bell, 2006)

According to the report of parliament that is a demonstrator of the government's success in privatization, but in following table that is presented by privatization organization in its formal web site, it is a demonstrator of growing privatization in recent years. (Formal website of privatization), <http://www.ipi.ir>

Title		Economic sector	2005	2006	2007	2008	2009	Profit of installed sales (2005-2009)
Row								
1	Denoted stock cost	private sector	764	3429	37965	101618	28173	28173
		governmental sector(equity stock)	0	0	27627	13283	0	0
		Corporative sector	0	21735	177437	0	0	0
		total	764	25164	243029	220750	115001	28173
2	The number of detonated companies( whole or a part)	private	50	52	85	57	55	0
		governmental sector(equity stock)	0	0	31	9	57	55
		Corporative sector	0	14	39	14	0	0
		Total( without requiring repetitive companies)	50	61	142	77	64	0
3	Denoted preferred stock cost	Denoted preferred stock cost(billion Rials)	20	34	2177	4063	2844	0
		Denoted preferred stock number(million Rials)	14	7	994	2764	3227	0

Using the experiences of other countries to privatization that are similar culturally to our country can enter us very fast to the way of privatization from countries which are very close to our country are Turkey, India, Malaysia. Turkey country with comparative indices, nearly 73 million populations is that 60% are lower 30 years old, it has good geography and situation due to locate among Europe, Central Asia and West Word and the rate of high inflation is as same as Iran. Of course, it's necessary to mention that the rate of high inflation is comparable in this country is considerable during the year s 2002-2005, in the manner that

has reached from 45% in year 2000 to 8.2 % in the year 2005, gross domestic product has reached from 84 billion US dollars in the year 2002 to 361 billion US dollars .

Private banking started in Iran from 1999 and government wanted to continue the process of privatization with several other enterprises. (A. Pajouyan, 2007)

Broad privatization plan by government only started from June 2006. (S. Ilias, 2010)

The Turkey government on the track of competition 10415 European union and global business decreasing the improper economy trend, resulting from inflation of human force in governmental sector , lack of due skills in governmental sector, financial resulting from inflation of human force in governmental sector budget that lead to exercising the pressure on the national budget , by the targets of making free economy system, evolving the government in basic tasks and reducing the role of economy , limitation of required budget of public sector and increasing the efficiency and in economy of country, privatization began from 1984 by denotation 0.983 million US dollars that this figure reached to 80.065 million US dollars in the year 2006 from 244 of constituting firms in charge of denotation in the year 1986, the number 182 companies are denoted and 32 cases are allocated in the year 2006. Mother industry like communication, petro-chemistry, steel, transportation, navigation and ports were delivered to private sector and air navigation industries and banks followed the process of denotation. The performance of government to denote private sector was in the manner that does not lead to increasing governmental sector's guarantees and the field of activity and decision making the government is decreasing in to the zero in on strategic industries. (Moradi, 2008)

As excellent council of denotation in strategic industry knows the government being in the right to have gold stock with one stable board of directors that have special vote about dissolution and determining the product level in private companies, denoting in strategic industries such as petro-chemistry is in company with collecting specific strategies that in designing it, in addition to precise study of industry's views and suggestions of potential participants is put up to auction and previous experience are considered . Therefore, designation of these strategies is flexible. The government for the reason that eliminates conflict and resistance of private coordination and incorporation among depended organizations increases the effective transparency of performance up to 100% by informing web sites , different seminars with companies' managers and holding interrogation meeting and written information distribution permanent inspection by generated committees in the parliament and council of ministers and specific inspections by generated committees in the parliament in the president's office for responsibility of the government to probable problems and increasing the accuracy. For challenging with unemployment 's crisis and negative effects on helping consultant of Global Bank and by using financial facilities , maneuvers like training one of small jobs for self-employing , introducing the persons to manufacturing agents , presenting financial facilities for making small agent in other cities and financially keeping additional forces and presenting from raising unemployment . Even though privatization in this country is countered by the barriers like fear of unemployment, resistance of industries' managers and deficits and problems like inability and uncertainty to policy making and execution , lack of entrusting, sufficient power , intense concentration, frequency of insufficient supply and demand improper structure of investment market , in coordination, corporation between depended organizations , proper legal structure of direct foreign investment , but at the present , we witness considerable success to making over major industries and economy growth . Thereasons of current success can be outlined in interest people supports and transparency in execution, political and economic stability and strong government support of the privatization. Privatization of Telecom is to denote important turning point not only in making of free communication section of Turkey, satellite services, internal information services and paying through telephone. The trend of Telecom privatization is undertaken into two separate committees: committee of determining the cost and auction committee including agents of three governmental organizations: privatization organization, transportations ministries and advisor minister of treasury. First auction of this company in January 2009 was announced for 20% company stocks. The aim of this action was to follow experiences and knowledge of global administrations with those of Turkey Telecom until this organization supported by the trend of being commercial. Some Turkish groups had shown their interest, but financial auction is cancelled. For increasing the profits of investor to privatization, a new frame of auction was designed within an intensive collection of 33% stock are arranged. This second auction began in 13 December 2000. But it encounters some legal problems and administrative court of Ankara concluded it x a part of golden stock is kept for the government. 100% Turkey Telecom obtain liberty for privatization and meanwhile external ownership in this company reaches 45% and also satellite services were left and put undertaking a legal institution. After that, legal reformatories, new committees of determining the cost and auction are generated and the attempt for reviewing evaluation and privatization of Turkish Telecom are performed. From April 2003, one order behalf of the managers' assembly was approved that inside it mentions that corporative has been done.

Therefore, market analysis was completed for privatization TurkishTelecom. IPO provided at least provisions 51% TurkishTelecomblock auction and orderof ministers' assembly about new strategy of privatizationin13<sup>th</sup> November of 2003. According to this order, at least 15 % TurkishTelecomstock had been privatized and the rest was presented to the public. This case is a sample that cannot be used in India country like in Iran. Nevertheless, some theorists believe that the policy of privatization in India encounters the budget deficit of chronic economical diseases. The root of this problem is within under executive point asking the government like paying subsidies in different forms , investment in different sections and so on that is established since the governments of economy concentration and in modern period ,the government is not able to reduce the power . In recent years , budget deficit is always 30-50 all governmental sector cost and between 8-5% gross domestic product is allocated from other motivations of making the policy of privatization it can be called from international organizationandalso office corruption that administrative system of India suffer. In governmental sector of Indian education , in spite of the fact that it had 46.2% all manufacturing units of country, valued added is equal to 26.8 while private sector with having 53.8% total national investment of India has 73.2% value added . Therefore, using the experiences of countries that have the conditions like Iran, whether successful countriesor unsuccessful ones can help us more to privatization and it doesn't lead to implementing trail and wrong test.(Reservebank of India, 1991-96)

Row	Name of company	country	sector	Denoted value
1	Industrial xx commercial bank of China	China	financial	22041
2	Bank of China	China	financial	20414
3	Yacimimictors petroliferous fiscals	Argentina	Energy	15400
4	Rosnifi	Russia	Energy	10700
5	Petrochina co Ltd	China	Energy	9154
6	China shcnhua Energy Co	China	Energy	9124
7	Sber bank	Russia	financial	8800
8	Vneshtrog bank	Russia	financial	8000
9	China construction bank corporations	China	financial	7955
10	China pacific insurance	China	financial	7700

In following table the name of major companies that denotation in the process of privatization are mentioned. (Newspaper of economical World, 2009)

Recognition of the barriers of privatization in Iran:

Present barriers are studied in three levels:

- 1- Values level
- 2- Norms level
- 3- Behavioral level

In first level, fundamental measures have been not performed for realizing the necessity of privatization in the body of executive system. Second factor is referred to the level of norms. In the debate of privatization, we need to connect to foreign countries. Thus we should modify some rules. It is not possible that without reviewing legal structure of country, it is allowed to import the permission of foreign capital and it is claimed that it is foreign investment. In the behavioral level, unfortunately, incorrect behaviors have been observed in the process of privatization. (Mahdavi, 2009)

In other words, one of the weaknesses of privatization is that most of activities in private sector have high potential for attending such situation, also it has reminded a governmental sector and the areas are presented to private that don't have separation from a attractive and so many customers this issue leads to present the comments addressing inability of private sector for replacing than governmental sector. If the companies have suitable equipment, considerable technology, educated humans force with power of making creativity and governmental sector planning in private, the outlook at privatization will be highly different. Most of companies which are presented on useful paper owed the government budget and if there is no such a budget and eliminate shadow economy; it can be magnified Supreme products, sales and profits. Private sector is not merely the assistance of unsuccessful governmental sector that what government doesn't want denotation private one. It should not be observable that if the government makes a factory or a firm which is profitable and if it fails, government makes it private. Private sector has not ability of wonder working, but it can only be exploited by present capacities basically between the border of private and governmental sector relating to competence orientation.

Based on privatization, it's necessary to make the relation between the policy makers, decision makers, official imagine if each one of these collections don't act very good and want to transfer success into itself and failure towards down grades, what is happen. Of course, privatization is only factor of economic advancement and mainstream of development process. But the reality is that we should attend to one basic

principle in the name "pattering the bests". When other countries are studied, it's found that the best economies are ones which are able to make a very proper combination of governmental, private, corporate and non-governmental sectors. The most important issue of privatization is the debate of valuation of the firms and denotation of these companies by the best manner that may not take into consideration until now. Every kind of mistake to value governmental sector units acts as a 2-edge sword. If shortage has been done in valuation, it will reduce the value of governmental sector companies and government assets will leave easily and if it values more than real price, the private sector will become involved in a difficulty and lead to dissolve such firms. Likewise, denotation of governmental sector should not be in the manner that government denotes the bankrupt companies and institution to private and accordingly it save itself from prejudicial firms privatization by this method has short life that one of serious problems is that there is a king of private, corporate in some Iranian institutions that are not agree with international equivalence and there are barriers in the way of privatization. Privatization in the economic literature of Iran and planners has been changed to the slogan and in practice neither the bed of privatization is prepared nor is a compulsory system of privatization components established. It seems that the pattern of privatization in Iran is not possible to perform in state governmental sector, that is governmental sector can do privatization and at least the pattern of model can be successful in economical section and proclamation about private and governmental sector fairly. Unfortunately this approach and pattern lead to the failure in the trend of maximizing of economy value added. (Laali, 2007)

Although the denotation during some years ago has higher volume against previous periods, this is in the form of equity stock and allocation to semi-governmental sector institutions. According to that managerial structure of these denotations that lead to ownership transfer and deciding making, expected results of privatization is not obtained by most useful economy institutions. This problem is true of semi-governmental sector buyers that are the priority of economic considerations can overcome to non-economic policies. In other words, what has been done within ownership displacement, practically it doesn't effect on using the resources appropriately and efficiency of whole economical system. That is why the real private of the country can be enforced and reasoning of the governmental sector economy and its harmful results become durable.

#### 4- The relation of privatization and poverty

One of inductions that exist in the society and is a barrier to reach privatization is the imagination of making the poverty to execute the stages of privatization. This imagination is true of economy evolution and targeting the subsidies, most of the employees and the personnel and governmental sector feat considering that working under private. Therefore, the task of mass media companions and officials is that this false imagination is eliminated. Here, following issues are mentioned for declining this subject.

- A- In done studies about imbalance indices of income distribution in Iran from 1969 to 2009, the stock of 2 decades of low-income population in national income varied between 5.3% and 7.5% and based on it, almost 20% country population during these years are under poverty line. It's observed that by considering different economy condition, the problem poverty of 20% population is not solved and don't have special correlation with one decision of privatization in recent year.
- B- Based on these studies, income stock of two decades low-income population of national income in the year 1989 when development program has been done and the policy of privatization is accepted and increased. This stock of 5% in the year 1988 was completed to 7.5% in the year 2001 and showed that the product of one decade 'privatization' has not be only 12 million under poverty line, but it improves the position of people under poverty line.
- C- At first existing the reality two decade population under poverty line (nearly characterization) in Iran is due to stable and oil economy and studies indicates increasing interference and endorsing the government during past years to run economy nevertheless accepting and executing the policy 'privatization' from year 1989, all statistics are the explanatory of increasing and 12 million under poverty line (two decades of country population) is due to "economy belonging to the state of country" until privatization is not successful in both Hashemi and Khatami government to execute the policy "privatization" in different environmental conditions and reasons.
- D- People and groups complaint the angle of "poverty" and support of damaged and inferior groups with policies "privatization". Generally with politic motivation and exploitation of view of poor groups in the politics. These days, human experiences show that the percentage of the poor's in the countries where are governed by strategies of market economy stimulation of private sector by many degrees in concentrated and governmental sector economies and even the situation of the poor's is better than it is at all claimed that

"privatization" in these countries that lead to poverty population and going them into under poverty.

- E- In our country, poverty oil incomes are main reason of poverty and being under line of 2 decades country population when dividing fairly oil incomes among all citizens, poverty flow and being under line of 2 decades country population is flowed and allocation of a stock of oil incomes to economy prejudicial agents for prevention of "privatization" and unemployment of employees don't solve any problem. Those who think they can solve these problems with challenging "privatization" go to wrong way and don't have any profit than increasing problem volume.
  - F- Eliminating "poverty" and moving "social equity" is not possible than producing the worth and income that are dependent on the society. Exacerbation of material and mental motivations of population in the society is depending on environmental and proper condition, e.g. formalization of "ownership right" with all instruments and measures by government and society and "privatization" is nothing than characterization. This right to govern the privatization. "I" and poverty have adverse ratio as it shows the experiences of other countries
- 5- The role of problems in privatization: the system preparing financial requirements of country is one Islamic financial system that is based on contribution principle, profit and according the risk and reaching to equity and welfare in all social dimensions, this system is established on the cases such as declination of usury, contributing in profit and loss of operation, prohibition of a part of operation of game stock and gambling, prevention of lawful operation and doing registered undertaking. This system encounters present conditions and challenges the barriers such as lack of diversity in negotiable papers, effectiveness of monetary policy from financial policy, the basis of banking, lack of proper direction the resources into productive investment and intervention of government (profit rate and assigning facilities. One of most important problem in the system is a banking basis. Therefore, elimination of the banking challenges, also existing legal –prejudicial considerations, lack of appropriate legal and frame works, limitation of markets and Islamic financial devices, operational problems, crash issues and risk management can improve and development financial country and as a result economy development of the system financial preparation of country because economy growth is based on financial resources. The banks are institutions that change short term undertaking to long- term properties to respond the customers, inductions and new demands for the debts. For reaching to each management, these are the requirements: proper organizational structure, cost effective instrument, measurement system and cash stability. Main problem of cash management in Islamic banking system is relating to the devices and methods of financial preparation and the necessity of Islamic financial with innovative process. Making and developing private banking are the issues that help to improving banking industry of country.

Private banking, regarding to high flexibility and diversity in presenting banking and it is a determinant role to promote banking and it is a great help to privatization other centers during recent 8 years, 6 private banks have been established in banking system and these banks have very few branches throughout the country and 22% banking resources are attracted and it is a great success for banking system by existing 18 thousands branches of governmental banks and the size of 78% banking resources are great advancement for private banking system. Therefore, existing active bank system based on Islamic rules and not interfering the government assists the private sector and attracts the investment and giving debts are very useful governmental sector banks.

## Conclusion

For achieving developmental country and modern economy that can be parallel to global economy, we need to private. But the privatization leads to exploit, not only denotation of the sectors, but also it doesn't efficiency and exploitation and in this direction the factors which are accelerators of reaching the destination should be recognized and the barrier should be eliminated.

The privatization is main direction of fourth program of development that unfortunately did not reach to purposed aims and for reaching our aims, the performance of privatization, reviewing the approaches and executive strategies and more important all recognition of factor to the way to reach to privatization. Privatization and reducing governmental sector incumbency in economy activities include a basic part of policies of modulating economic structure and developing privatization that increase the entrepreneurial motivations, innovation as well as development and regarding to the trend of global economy and practical



economical requirements , the necessity of society movement and government is along developing the privatization and the generalization of nongovernmental ownership and management that show ever-increasing significance , culture- creation have been done relating to the privatization and attention to the destination

### **Suggestions and strategies**

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At first we have to accept that the privatization most important bases of country development and it should be mined queen of officials as well as people and national intention should be direct into this way. Therefore, making a commission for following up and supervising the privatization and attending basic factor is as basic ones in this article, e.g., underground economy that is a developing problem that is radically confronted. Also the government should be responded and play a considerable role to privatization and otherwise it will not reach to the purpose and correct culture by the officials and mass media that induce high reality to the ownership that privatization help to develop not makes poverty . Very useful application of the experiences of other countries relating to privatization is to fulfill the privatization by thinking deeply on those countries as well as providing a program for relating to the role of banks in privatization.

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