Introduction

The State has been in the central of development regime of the developing countries. Historical legacy and the political imperatives made the State to be a key player in the economy of these countries. However for various reasons, which are not the subject of study here, the State led development regime if not failed, at least is perceived to have failed to perform. The so-called ‘failed State’ regime obviously needs to be changed. The redressal of State failure is being sought by bringing market into the central. Privatisation is one of the components of market led economic regime. "Privatisation, in a narrow definition, is an art of sale of the public sector enterprises to the private sector, in that it involves the transfer of public sector assets to the private sector. However, in a broader sense it includes the deregulation and commercialisation of economy to prepare the ground for greater participation of the private sector in the economic activities". In case of the GCC (Gulf Cooperation Council) countries, namely, Bahrain, Kuwait, Oman, Qatar, Saudi Arabia and the UAE the State has been the dominant economic player. The rentier nature of the economy further added to the centralised character of the State even at the cost of the private sector. The decline of the rent, i.e., the oil revenue, has forced these countries to go for structural changes making privatisation a major plank of economic policy. Privatisation creates its own losers and gainers; consequently, resistance from the losers, thus, has political fallout. Further, it demands its own institutional set up including the legal regime. The present study aims to look into the issues and challenges that the Governments of the GCC countries are facing in implementing the privatisation programme.
Scope of the Study

The study is based on the economic aspects of privatisation in the GCC countries. It is an examination of the privatisation process undertaken by the GCC countries in the non-oil sector. It evaluates the privatisation process carried out by GCC countries, and highlights the necessity of privatisation in the field of oil-sector, which is not yet privatised. It further examines the volatile character of the rentier economy, which is the major source of revenue in these countries. The current study does not include the political aspects of privatisation in GCC countries. Though it does underline its implications.

Objective of Study

Like most of the developing countries, in the GCC countries too, the prescription for going to privatisation has come from external agencies like the World Bank (IBRD) and the International Monetary Fund (IMF). Further, these two agencies are providing the possible trajectory as consultants. The study wants to examine the sustainability of the framework suggested by these two agencies and evaluate the institutional strengths and weaknesses of the countries to pursue it. It explores how the privatisation involvement in the GCC countries reduces the role of the State as a producer of goods and services, and reinforces the competitive market economy. The GCC countries are highly dependent on oil revenues, which started becoming volatile since two decades. Here, the study needs to know how to reduce the volatile oil revenues through the privatisation process in these countries.
Methodology

The proposed study is descriptive and analytical in nature. During the course of the study both primary and secondary sources are used. The primary sources include the GCC countries’ Government Documents, Year Books, and Statistical Abstracts, the United Nations Surveys, Documents, and Statistical Abstracts, the World Bank Publications of Books and Journals, and IMF Publications of Books and Journals on GCC countries. The secondary sources used for the study include books, and articles of important journals including the Middle East Economic Survey, Middle East Economic Digest and Middle East Journals, and interviews with Embassy officials of GCC countries, and views of expert publicists.

Chapterisation

The first chapter highlights the privatisation and the rentier economy, and it explains what are the causes, which compelled the developing countries to go for privatisation. The study also examines the role of the external agencies; the World Bank and the IMF, which have provided financial assistance to the developing countries in the name of privatisation programme. Like the developing countries, the GCC countries too adopted the privatisation in the non-oil sector. The GCC countries are rentier economies, where rent constitutes the major part of economic activities. This oil rent is highly volatile in nature and oil revenue is declining. To reduce this dependence privatisation has got important role in these countries.

The second chapter emphasises the country-wise privatisation programme in the GCC countries, namely, Saudi Arabia, Kuwait, and the United Arab Emirates. These countries started privatisation in the 1990 onwards, but owing to decline in their oil revenues, the GCC countries’ economies face major challenges, such as, declining oil revenues, deficit budgets, subsidies, increasing defence expenditure, and high population growth. To
overcome these challenge privatisation was invited in the non-oil sector, especially in the infrastructure sector like power and water, telecommunication, airport, port and construction sectors. The study also examines the privatisation performance and its implementation problem.

The third chapter underlines the country-wise privatisation programme in Bahrain, Qatar, and Oman. These three countries have less oil reserves comparatively what neighbours have. These countries' economies also face major challenges, such as, declining oil revenues, deficit budgets, subsidies, increasing defence expenditure, and high population growth. The privatisation programme is expected to alleviate these problems.

The fourth chapter makes comparative study of the privatisation in the GCC countries, emphasising on issues and challenges. The GCC countries have adopted different strategies and methods in dealing with the private sector. These countries passed privatisation laws to attract more private sector investment in the non-oil sector.

The fifth chapter is the conclusion, which summarises the whole study followed by suggestions for alleviating the difficulties faced by the GCC countries in the process of privatisation.