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B. Com

P. eel (Sub)

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Q. Point out the merits and demerits of mixed economy?

Ans

Mixed economy is an economic system in which both the state and private sector direct the economy, reflecting characteristics of both market economics and planned economics.

\* Characteristics of mixed economy:-

	market economy	Planned economy
(i)	Having Problems	Giving Solutions to solve problems
(ii)	Producers always want the highest price	The government sets price
(iii)	Salary mostly depends on the demand for work	Salary depends on the services provide to the society
(iv)	Big Industries grow slowly	Big industries grow quickly.

\* Merits of mixed economy:- There are the several advantages of mixed economy which are as below:-

- (A) Encouragement to private sector → The most important advantage of mixed economy is that it provides encouragement to private sector and it gets proper opportunity to grow. It leads to increase capital formation with in the country.
- (B) Freedom → In a mixed economy there is both economy and occupational freedom as found a capitalism system. Every individual has a liberty to choose any occupation to his choice.

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- (e) Optimum use of ~~Resources~~ Resources:— Under this system, both the private and public sector work for the efficient use of resources. Public sector works for social benefit, while private sector makes optimum use of these resources for minimization for profit.
- (d) Advantage of economic planning → These are all advantages of economic planning. Government takes major to control economic fluctuation to meet other economic evils.
- (c) Lesser Economic Inequalities → Capitalism in chance economy in equalities but under mixed economy inequalities easily control by the efforts of government.
- (f) Competition and efficient production → Due to competition between both private and public sector the level efficiency remain high. All factor of production work efficiently in the hope of the profit.
- (g) Social welfare → The main priority is given to social welfare through effective economic planning. ~~welfare~~ the private sector is control by the government. Production and price policies of private sector are determined to achieve maximum social welfare.
- (h) Economic Development → Both private and public government sector join their hands for the development and ~~social~~ socio economic infrastructures. Moreover government in acts many legislative majors to shape guard the inelastic of the poor and weaker section of the society.

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### \* Demerits of mixed economy:-

(a) Un-stability → Some economist claimed that mixed economy is most Unstable in nature the public sector gets maximum benefits where private sector remain control.

(b) Ineffectiveness of sector → Under this system both the sector are ineffective in nature the private sector does not get full freedom, hence, it becomes ineffective. This leads to ineffectiveness among the public sector.

(c) Inefficient Planning → There are no such comprehensive planning in mixed economy. As a result, A large sector of the economy remains out side the control of the government. There are no such comprehensive.

(d) Lack of efficiency → In this system, both sector suffer due to lack of efficiency. In public sector it is so government employes donot perform their duty with responsibility while in private sector efficiency goes down.

(e) Delay in economic decision → In a mixed economy, there is always delay in making certain decisions, specially in case of public sector. This type of delay always leads to a great hindrance in path of smooth functioning of economy.

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8. More wastage → other problem of the mixed economy system is resources. A part of a localised to different projects in public sector goes into the pocket of intermediaries.

9. Corruption & black marketing → There is always corruption & black marketing in the system. Political parties and self interested people take under advantages from public sector. Hence, this leads to emergency of several evils like black money, tax evasion & other illegal activities.

10. Threat of Nationalism → There is a certain fear of nationalism of private sector. For this reason private sector does not put into use their resources for the common benefit.