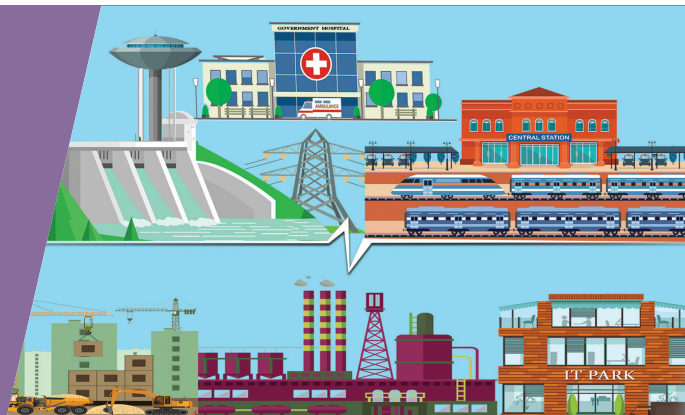


Unit - 2

Public and Private Sectors



Learning Objectives

- ▶ To know the history of public sector
- ▶ To know the various indicators of Socio-Economic Development
- ▶ To understand the importance of public sector
- ▶ Appreciate the difference between public and private sectors
- ▶ Understand the functions of private sectors



Introduction

India was basically an agrarian economy with a weak industrial base at the time of Independence. There were high level of poverty, illiteracy and unemployment in the country. India experienced very poor economic and social over heads. It is principally for these reasons that the state had to play an extensive role in developing the country. Hence India conceived to have the Indian economy on socialist lines. The economic growth may be sustained at a maximum rate, if private sector and public sector join hands. India followed mixed economic system that it is operated both by private enterprises and public enterprises.

Public and Private Sector

There are all kinds of business organizations – small or large, industrial or trading, private owned or government owned in our country. These organizations affect in our daily economic life and therefore become part of the Indian economy. Since the Indian

economy consists of both private owned and government owned business enterprises, it is known as a mixed economy. The Government of India has opted for a mixed economy where both private and government enterprises are allowed to operate. The economy, therefore, may be classified into two sectors viz., private sector and public sector.

The public sector and the private sector are allotted their respective roles in promoting the economic welfare of all sections of the community. Public sector industries are under the ownership of Government whereas the private sector industries are under the ownership of private people. The public sector enables the full growth in an economy. Public sector is on service motive and the private sector is on profit motive.



Mixed economy is the mixture of merits of both capitalism and socialism.