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Mixed Economy and its features

Mixed economy is that economy in which both government and private individuals exercise economic control and operate side by side. It is a golden mixture of capitalism and socialism. Under this system there is freedom of economic activities and government interferences for the social welfare. Hence it is a blend of both the economies. The concept of mixed economy is of recent origin.

In a mixed economy, entrepreneurs, businesses and corporations are allowed to pursue their best interests in the market, while government or public programs, organizations, and enterprises are equally permitted to provide services and the like in the market, as well as intervene in areas like trade or taxes. However, a mixed economy is not the same as a laissez-faire economy because the government competes for limited resources in the market and may monitor and impose sanctions on corporations or businesses in the private sector. Additionally, a mixed economy does watch over profit levels and may interfere in the allocation of resources.

The developing countries like India have adopted mixed economy to accelerate the pace of economic development. Even the developed countries like UK, USA, etc. have also adopted 'Mixed Capitalist System'. According to Prof. Samuelson, "Mixed economy is that economy in which both public and private sectors cooperate." According to Murad, "Mixed economy is that economy in which both government and private individuals exercise economic control."

Main Features of Mixed Economy:

i) Co-existence of Private and Public Sector:

Under this system there is co-existence of public and private sectors. In public sector, industries like defence, power, energy, basic industries etc., are set up. On the other hand, in private sector all the consumer goods industries, agriculture, small-scale industries are developed. The government encourages both the sectors to develop simultaneously.

(ii) Personal Freedom:

Under mixed economy, there is full freedom of choice of occupation, although consumer does not get complete liberty but at the same time government can regulate prices in public interest through public distribution system.

(iii) Private Property is allowed:

In mixed economy, private property is allowed. However, here it must be remembered that there must be equal distribution of wealth and income. It must be ensured that the profit and property may not concentrate in a few pockets.

(iv) Economic Planning:

In a mixed economy, government always tries to promote economic development of the country. For this purpose, economic planning is adopted. Thus, economic planning is very essential under this system.

(v) Price Mechanism and Controlled Price:

Under this system, price mechanism and regulated price operate simultaneously. In consumer goods industries price mechanism is generally followed. However, at the time of big shortages or during national emergencies prices are controlled and public distribution system has to be made effective.

(vi) Profit Motive and Social Welfare:

In mixed economy system, there are both profit motive like capitalism and social welfare as in socialist economy.

(vii) Check on Economic Inequalities:

In this system, government takes several measures to reduce the gap between rich and poor through progressive taxation on income and wealth. The subsidies are given to the poor people and also job opportunities are provided to them. Other steps like concessions, old age pension, free medical facilities and free education are also taken to improve the standard of poor people. Hence, all these help to reduce economic inequalities.

(viii) Control of Monopoly Power:

Under this system, government takes huge initiatives to control monopoly practices among the private entrepreneurs through effective legislative measures. Besides, government can also take over these services in the public interest.

