

Q.2 -> Explain privatisation? define any three merits of socialism in business environment.

Ans: Privatisation:- The transfer of ownership, property or business from the government to the private sector is termed privatisation. The government ceases to be the owner of the entity or business.

### Merits of socialism

- ① Greater economic efficiency
- ② Greater welfare due to less inequality of income
- ③ Absence of monopolistic practices
- ④ Greater economic efficiency:- Through proper management of research and production activities, the economy can achieve high rate of productivity. This can also be stimulated by producing

② Greater welfare due to less inequality of income:- Under socialism, inequality of income does not exist. The citizens of the country work for the economic welfare and are paid according to their skills and capabilities.

③ Absence of monopolistic practices:- In a socialist economy, the business and trade related practices are government-owned. The scope of monopolistic practices and competition is removed.