



Private sector can be define as the part of economy in which the factors of production is owned by an individual or the group of people, with profit maximization as their main objective.

Private goods – produced by the private sector- are produced only for profit motive and its rival in consumption. Benefits are enjoyed by only a person who pays, with no benefit to society and therefore it's exclusive in nature. Private entrepreneur go for self benefit rather than social welfare. Competition is the one thing that occurs between each and every private entrepreneur and this leads to efficient use of resources.

According to Willson & Clark public sector refers to the part of national economy that is owned by whole society and operated for social welfare. Public sector includes all sorts of government (central, state and local). It provides basic goods or services that are either not, or cannot be, provided by the private sector, for example schools, roads, etc.

Public goods are non rival in consumption that anyone can derive utility by consuming. For example road, as one can benefit from it.



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Public goods are non rival in consumption that anyone can derive utility by consuming. For example road, no one can object any one from using and there is equal right for the consumption. But level of satisfaction derived depends upon individual to individual. Public sector carries those activities that cannot be finance by private and those related to social welfare. Public sector does not do activities for sole benefit rather it is concerned with the society as a whole.

What Is Socialism?

Socialism is a populist economic and political system based on public ownership (also known as collective or common ownership) of the means of production. Those means include the machinery, tools, and factories used to produce goods that aim to directly satisfy human needs. Communism and socialism are umbrella terms referring to two left-wing schools of economic thought; both oppose capitalism, but socialism predates the "Communist Manifesto," an 1848 pamphlet by Karl Marx and Friedrich Engels, by a few decades.



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