

2. Explain privatisation? Define any three merits of socialism in business environment?

Ans. Privatisation can mean different things including moving something from the public sector into the private sector. It is also sometimes used as a synonym for deregulation. When a heavily regulated private company or industry become less regulated, it is known as privatisation.

* Merits:

- i) Greater economic efficiency: Economic efficiency under socialism is greater than under capitalism.
- ii) Greater welfare due to less inequality of income: In the socialist economy there is less inequality of income compared with a capitalist economy because of the absence of private ownership of the means of production, private capital accumulation, and private profit.

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3) Absence of monopolistic practices: Another advantage of socialism is that it is free from monopolistic practices to be found in a capitalist society.