

DEMERITS OF MIXED ECONOMY

The main demerits of mixed economy are as follows:

- (i) Un-stability: Some economists claim that mixed economy is most unstable in nature. The public sector gets maximum benefits whereas private sector remains controlled.
- (ii) Ineffectiveness of sectors: Under this system, both the sectors are ineffective in nature. The private sector does not get full freedom, hence it becomes ineffective. This leads to ineffectiveness among the public sector. In true sense, both sectors are not only competitive but also complementary in nature.
- (iii) Inefficient Planning: There are no such comprehensive planning in mixed economy. As a result, a large sector of the economy remains outside the control of the government.
- (iv) Lack of Efficiency: In this system, both sectors suffer due to lack of efficiency. In public sector it is so because government employees do not perform their duty with responsibility, while in private sector, efficiency goes down because government imposes too many restrictions in the form of control, permits and licenses, etc.

(v) Delay in Economic Decisions: In a mixed economy, there is always delay in making certain decisions, especially in case of public sector. This type of delay always leads to a great hindrance in the path of smooth functioning of the economy.

(vi) more wastages: Another problem of the mixed economic system is the wastage of resources. A part of funds allocated to different projects in public sector goes into the pocket of intermediaries. Thus, resources are misused.

(vii) Corruption and Black marketing: There is always corruption and black marketing in this system. Political parties and self-interested people take undue advantages from public sector. Hence, this leads to emergence of several evils like black-money, bribe, tax evasion and other illegal activities. All these ultimately bring red-tapism within the system.

(viii) Threat of Nationalism: Under mixed economy, there is a constant fear of nationalism of private sector. For this reason private sector does not put into use their resources for the common benefits.