Role of the government in the market economy

Business, Marketing

These are the five main functions that a government follows in the market economy: Providing the economy with a legal structure: this is one of the most important functions of all, without this, the whole economic sector will fall. This function requires the government to ensure property rights, provide enforcement of contracts, act as a referee and impose penalties for foul play One of the stands that government took for legal structure is SEZ Act 2005. This act has been backed with the major objective of generation of additional economic activity, promoting export of goods and services Generation of Employment Opportunities etc. this was a successful decision taken by the government as there was drastic change in the economy. In my opinion I think the government excelled by adopting this policy as our country had a significant increase in exports and propelled International Trade. Also there was a large amount of foreign investment. Another example is the RERA Act 2016. This is to protect the home buyers as well as increase business for real estate industry. One of the most important objectives is to promote fair play in real estate transactions and to ensure timely execution of projects. A real estate developer cannot go ahead and start their project without registering with the concerned RERA and obtaining a valid number. If a developer that meets the RERA criteria does not follow this then the authority can impose penalty up o 10% of the project cost.

I personally think that this is a successful measure taken up by the government as the main problems of transparency and accountability were tackled by this. Maintaining competition: This is an efficient way to allocate goods and services while maintaining freedom of choice for consumers, workers, and entrepreneurs. If markets are not competitive, however, much

of that freedom and efficiency can be lost. So the government should fight monopoly power and non-competitive behavior. For example, MRTP Act 1969 (Monopolistic and Restrictive Trade Practice), this act was enacted to ensure that the operation of the economic system does not fall in hands of few people and to prohibit monopolistic and trade practices. This Act was a failure as it prevented and reduced competition and limited technical development. I think this was an utter failure; it was complex in language rigid to follow and had no penalties for any offence. Competition Act 2002 is another example. This Act is designed to deal with problems regarding existence and regulation of competition and monopoly and it also ensure fair and healthy competition in economic activities in the country for faster and inclusive growth and development of economy. This is a revised act of MRTP 1969. I think this is a better act than MRTP Act as it is easy to understand, have appropriate penalties for offences and it is very flexible. So the government excelled by revising this act. Redistribution of income: This is a process where the government tries balancing the society's income level through direct and indirect transfers. Government uses taxation policy for income distribution.

Our country does this by using the money received in the form of tax and distributing to each state for the betterment of the people. But we can see that in India for the four decade these have no strong impact in reducing income inequalities and poverty in India. So I think it is a failure till and government should come up with a new policy. Government has opted social security measures for stabilizing income level of the people. Some these measures are workmen's compensation act for providing money if a worker

gets injured, employee state insurance act which helps in getting various facilities like medical benefits, disability benefits etc. This was also a failure as there was no improvement regarding income inequality. Provide public goods and services: These are the kind of amenities that we use every day without being charged. As these are used by millions of people simultaneously, it is hard to charge everyone individually. But they are charged through tax revenues. For example, Mission Indradhanush, this is a health mission program launched to vaccinate children who are diagnosed with 12 life threatening disease like polio, Tuberculosis, Pneumonia, and Hepatitis B etc. In the first phase 201 priority districts are targeted and then in second phase 297 districts are targeted in 2015-16. Initially it was for seven diseases then the number was raised to 12. I think it was a success as this service has immunized so many children and pregnant women were from all the above mentioned diseases also according to a survey Mission indradhanush led to a 6. 7% annual increase immunization coverage as compared to the 1 per cent increase in the past.

Another example is the Digital India, this is an initiative taken by the government to make various government services digitally accessible to the people throughout the country so that the people can have the knowledge of the latest information and several new technological modernizations. It also focuses in digitizing rural areas and helping farmers to get vital information regarding, corps weather etc. I think this initiative is a success though right now it won't be impacting a lot but with time this will be really helpful to everyone. Promote growth and stability: this is a circumstance where the economy has a decent percentage of GDP and the fluctuations (inflation,

deflation etc.) are less. The government should promote growth and stability through various monetary policies. I think one of the examples is National Food Security Act, 2013 (NFSA). Objective of this act is to help people by providing them with more than enough food at an affordable price.

This has been successful for people under going problems due to poverty. NFSA has helped in the additional GDP and labour growth. So we can see that this has helped our country economically and has promoted growth and stability. However, its impact in the environment and land can't be ignored. The different agricultural practices increased water pollution and also a significant amount greenhouse gas effect. So in my opinion I think government did excel by adopting this act socially and economically. But it can be better if the farmers use sustainable practices in making food grains to minimize the negative impact on environment. Another example is the Make in India campaign. This campaign is lead by our Prime Minister Narendra Modi. He went around the world promoting India as a destination for exciting investments, which raised the number of FDI 6% to 59%. There was a consistent growth in the rate of GDP and many people received job security. Similarly there were a lot of advantages due to the campaign. There are some disadvantages like this initiative only focuses on two sectors of the Indian economy i. e., industry and services, agricultural sector is being neglected which will lower the advancement of make in India. Also it only focuses on export, import remains idle. But I personally think that is was a successful initiative as after a long time India's manufacturing sector projected strength since so much importance and focus was given to the services sector.