

Public and Private Finance

On comparing Public and Private Finance, we know that if there are similarities in them, we also find dissimilarities, which is clear by following description :-

Similarities:

The similarities found between Public and Private Finance are as follow:-

- (1) **Maximum Satisfaction** – The objective of individual and State is basically same and this is satisfaction of human wants. Private Finance is related with the satisfaction of individual needs whereas public finance is related with the satisfaction of social or group needs.
- (2) **Balanced Budget** – Man and State both get money and use it and each of them try to balance income and expenditure. Both of them try hard to get maximum satisfaction by expenditure.
- (3) **Borrowing** – When current income becomes less in comparison with current expenditure in both Public and Private Finance, then borrowing becomes important. Not only individual but state also has to payback the debt taken at the time of loss.
- (4) **Economic Choice** - Both Public and Private Finance want to get maximum satisfaction and target by minimum resources, so both have to face the problem of adjustment of income and expenditure and problem of selection of economic choice.