

WHAT IS LEMON LAW IN ECONOMICS?

Relevant for: Indian Economy | Topic: Issues relating to Planning

Also known as lemon socialism, this refers to any form of government intervention in the market economy in order to help in the survival of struggling firms. These businesses, which would normally not be able to survive in a free market without any government intervention in their favour, thus turn out to be the beneficiaries of government policy. Such government intervention in favour of inefficient firms in the marketplace can be brought about in various ways — through the use of subsidies, bailouts, or discriminatory regulations that favour select firms in the market. Lemon laws are considered to be harmful to economic growth as they breed inefficiency.

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Last week Ram Kadam, a BJP MLA from Maharashtra, told the men in an audience that if they were interested in women who didn't reciprocate the feeling,

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