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Topic- Economic System and types
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Meaning of Economic System

An economic system is a mechanism with the help of which the government plans and allocates accessible services, resources, and commodities across the country. Economic systems manage elements of production, combining wealth, labour, physical resources, and business people. An economic system incorporates many companies, agencies, objects, models, and deciding procedures.

Types of Economic Systems

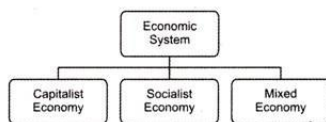


Figure-1: Different Types of Economic System

Capitalist economy:

In a capitalist system, the products manufactured are divided among people, not according to what they want but on the basis of purchasing power, which is the ability to buy products and services. This means an individual needs to have the money with him to buy the goods and services. The low-cost housing for the underprivileged is much required but will not include demand in the market because the needy do not have the buying power to back the demand. Therefore, the commodities will not be manufactured and provided as per market forces.

Socialist economy:

This economy system acknowledges the three inquiries in a different way. In a socialist society, the government determines what products are to be manufactured in accordance with the requirements of the society. It is believed that the government understands what is appropriate for the citizens of the country. Therefore, the passions of individual buyers are not given much attention. The government concludes how products are to be created and how the product should be disposed of. In principle, sharing under socialism is assumed to

be based on what an individual needs and not what they can buy. A socialist system does not have a separate estate because everything is controlled by the government.

Mixed economy:

Mixed systems have characteristics of both the command and the market economic system. For this purpose, the mixed economic systems are also known as dual economic systems. However, there is no sincere method to determine a mixed system. Sometimes, the word represents a market system beneath the strict administrative control in certain sections of the economy.