

SUBJECT- PRINCIPLES OF ECONOMICS

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ECONOMIC SYSTEM- MEANING

An economic system, or economic order is a system of production, resource allocation and distribution of goods and services within a society on a given geographic area. It includes the combination of the various institutions, agencies, entities, decision-making processes and patterns of consumption that comprise the economic structure of a given community.

An economic system is a type of social system. The mode of production is related concept. All economic systems must confront and solve the three fundamental economic problems:

- What kinds and quantities of goods shall be produced?
- How goods shall be produced?
- How the output will be distributed?

The study of economic systems includes how these various agencies and institutions are linked to one another, how information flows between them, and the social relations within the system.

(including property rights and the structure of management). The analysis of economic systems traditionally focused on the dichotomies and comparisons between market economies and planned economies and on the distinctions between capitalism and socialism. Subsequently, the categorization of economic systems expanded to include other topics and models that do not conform to the traditional dichotomy.

Today the dominant form of economic organization at the world level is based on market-oriented mixed economies. An economic system can be considered as a part of the social system and hierarchical equal to the law system, political system, cultural and so on. There is often a strong correlation between certain ideologies, political systems and certain economic systems (for example, consider the meaning of the term "communism"). Many economic systems overlap each other in various areas (for example, the term "mixed economy" can be argued to include elements from various systems). There are also various mutually exclusive hierarchical categorizations.