



## Economic System in India

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### ABSTRACT

Economic system in India is surrounded by primary sector, secondary sector and service sector. Our economic system in India is influenced by mainly agriculture and allied activities. Our economic system was influenced by the social and spiritual point of view that was ‘ ‘ Sarve Janah Sukhino Bhavantu’ ’.

Our economic system in India was influenced by the socialism, as well as mixed economic system. But even though, it was dominated by agriculture, animal husbandry, allied activities and still the much importance is given to production and manufacturing industries.

Now in the modern era, our economic system is influenced by science, technology internet, media and communication. Now due to emergence of globalization, privatization, liberalization, the world is becoming to small global village.

The economic system in India is heavily depends upon social system because it also depend upon the life style of the people. The economic system also influences the life style of the people.

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**Introduction:-** The economic system in India was mainly depended on tax, revenue and it was aimed at the welfare of all. The famous economists like Chanakya wrote a book on our economic system in India that is ‘‘ Arthashastra ‘‘ in Sanskrit language. In this book he had explained about how much tax should be collect by the people and how it can be used for the progress of the nation.

Every country is having its own economic system. The economic system of every nation reflects the progress of that country.

Agriculture, industries, transport, communication are the main factors off the economic system. Some are acts as mussels, and some are acts bones of the economic system.

Let us see in this paper.

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Economics

### **Economic System of Nation.**

*Kane Dane*

The Economic System of Nation is a components of economic environment. The economic system of a particular nation exhibits its economic concept, economic structure and exposure. The economic system mainly may be of four types, viz, Capitalism, Socialism Mixed and Communism.

### **Capitalist Economic System:**

The system of capitalism stresses the philosophy of individualism believing in private ownership of all agents of production, in private sharing of distribution processes that determine the functional rewards of each participant and in individual expression of consumer choice through a free market place. The Capitalist economic system has following essentials —

- Economic freedom
- Profit is main object
- Freedom to make decisions
- Full freedom for investment and savings
- Freedom in allotment of resources
- Free competition
- A free market place
- Freedom to select business and profession
- Limited interference of Govt.
- Private property
- Private ownership

### **Socialist Economic System:**

The socialist economic system are those system which is to be organised, managed and owned by the government, with the benefits accruing to the public. This system has following essentials:

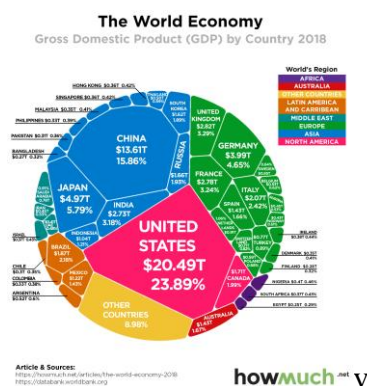
- Central planning
- ownership

- Central agents
- Profits recognized
- Lack of full competition
- Pricing and wages are determined by the Govt.
- Emphasis on distribution of income between public.
- Public is free to select an employment viz occupation, profession, business and work
- Full control of Govt

### Mixed Economic System:

An economy which is governed by the capitalism and socialism system called is mixed economic system. This system has co-ownership of public and private sector. A mixed economic system is a system in which the public sector and private sector are allotted their respective roles in promoting the economic welfare of all sections of the community. This system has following essentials:

1. Profit induced commodity production
2. Public sector
3. Direction to economic activities by the market mechanism
4. Economic freedom
5. control
6. Sector distribute between public and private
7. Private ownership of the means of production
8. Economic planning
9. Monopoly trends
10. Pre-capitalist relations of production in agriculture
11. Public interest
12. Development of both sector.



**The economic system of India can be classified into three sectors:-** Economic system of India can be divided into three sectors.

**Primary sector:-** In the primary sector the primary occupations like fishing, agriculture and allied activities of agriculture like bee keeping, dairy farming, basket making etc are comes under primary sector.

**Secondary sector:-** This sector is also called as the manufacturing or production sector. In this sector, the production activities that is the production of readymade goods made from raw materials are comes under secondary sector.

**Ex:** production of cloth from cotton, production of gunny bag from jute etc.

**Tertiary sector(Service sector):-** This service sector contributes more to any country's economic system and it also contributes to remove unemployment problem. This sector contributes to other economic fields like insurance, banking, transport, communication etc.

**The classification of economic system:-** Totally we can say that we can classify the economic system into three divisions.

**Capitalist system:-** Capitalist system was started after the industrial revolution in England. It was started due to mechanization of industries. Due to this, there were two classes like owner class and labor class were emerged in England. Another post like Manager was created who became the mediator between owners and labors

**Socialism system:-** To provide justice to the downtrodden classes in society, and creation of social welfare in society, the socialism system class became one of the division of the economic system of any nation.

**Mixed economy system:-** Every system have its own demerits and demerits. By utilizing the merits of capitalist system and socialism system, another form of economic system was created and that it was called as mixed economy system.

Now in the modern ages, most of the countries had adopted mixed economic system for the economic progress of the nation and it also aims at the social welfare of the people.

**Importance of the economic system of the nation:-** The economic progress of the nation reflects the economic progress of the nation. Every country has its own economic system and every country adopts its own economic system according to its own culture and life style, resources of the nation.

**Conclusion:-**Totally we can say that every country has its own economic system whether it may be poor or rich nation. But every type of economic system of the nation aims at economic progress and social welfare of the nation.

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