

Business Studies Gap fillers

Name: _____ Class: _____ Date _____

PLANNED ECONOMY

In a (1)_____ economy, all the (2)_____ are owned by the State. In these economies, decisions on what to produce, how much to produce and for whom to produce is taken by the (3)_____. These economies are also called (4)_____ economies. Only one sector exists and that is (5)_____ sector. The main advantages of this economic system are that the resources are used to produce only those goods and services which are needed by the (6)_____ and thus eliminate wasteful (7)_____. Equal (8)_____ of income and wealth is possible. On the other hand, due to the lack of competition, firms may lose their (9)_____ and there may not be optimum utilisation of resources. There is less freedom of choice for the consumers as most of the (10)_____ decisions are taken by the government.

**command community competition distribution efficiency government
planned production public resources**

Key

Planned Economy

In a planned economy, all the resources are owned by the State. In these economies, decisions on what to produce, how much to produce and for whom to produce is taken by the government. These economies are also called command economies. Only one sector exists and that is public sector. The main advantages of this economic system are that the resources are used to produce only those goods and services which are needed by the community and thus eliminate wasteful competition. Equal distribution of income and wealth is possible. On the other hand, due to the lack of competition, firms may lose their efficiency and there may not be optimum utilisation of resources. There is less freedom of choice for the consumers as most of the production decisions are taken by the government.