

Strategic implications of legal  
and economic institutions for  
entrepreneurship development

# Economic Systems

- **The capitalist or market economy:** an economic system where production activities are “decentralized to private-property-rights holders (or their agents) who carry out these activities for the purpose of making profits in a competitive market”

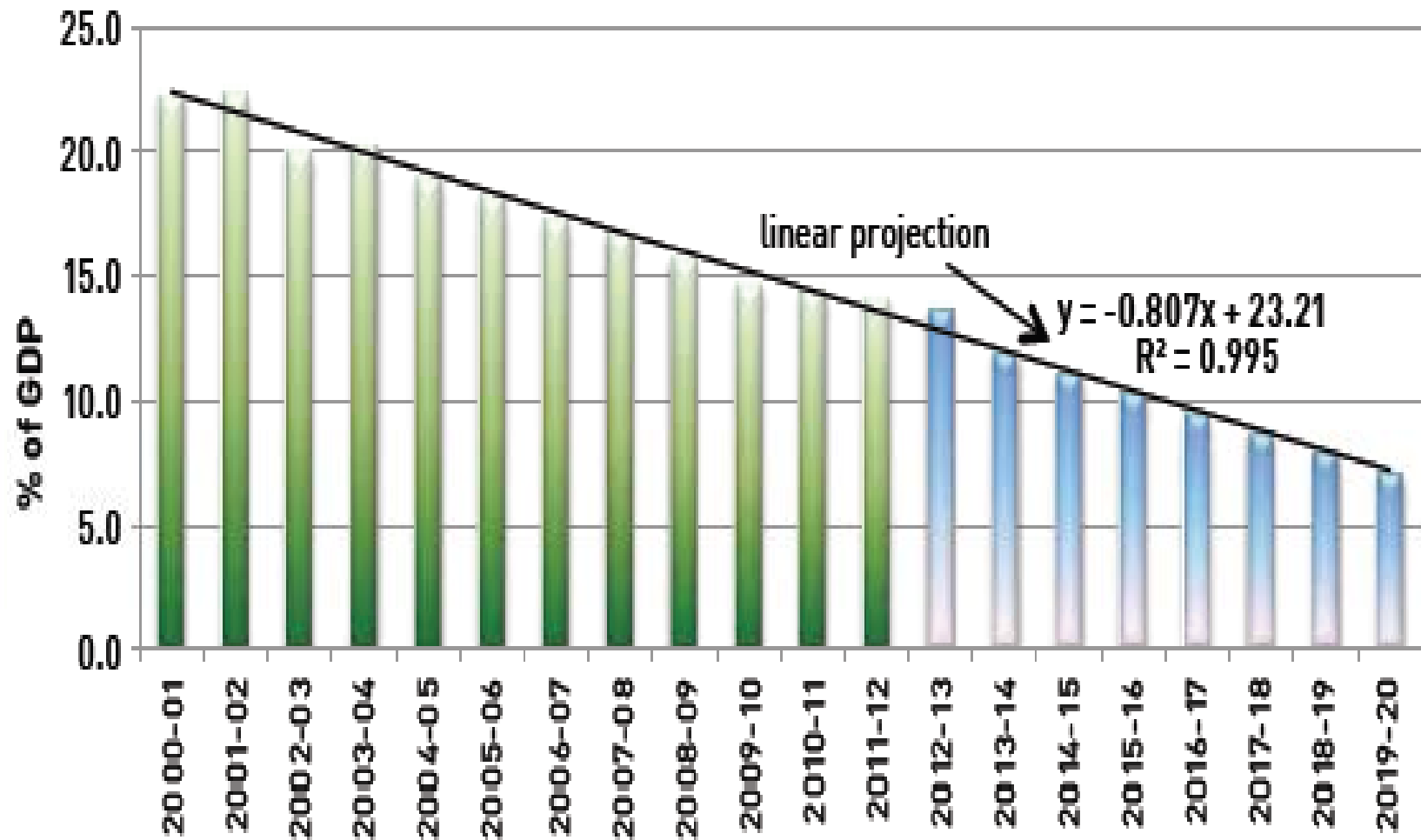
# Economic Systems

- **Socialist or command economy** is one where production resources are owned by the state and production decisions are centrally coordinated
- **Mixed Economy:** Many countries fall in between these two extremes

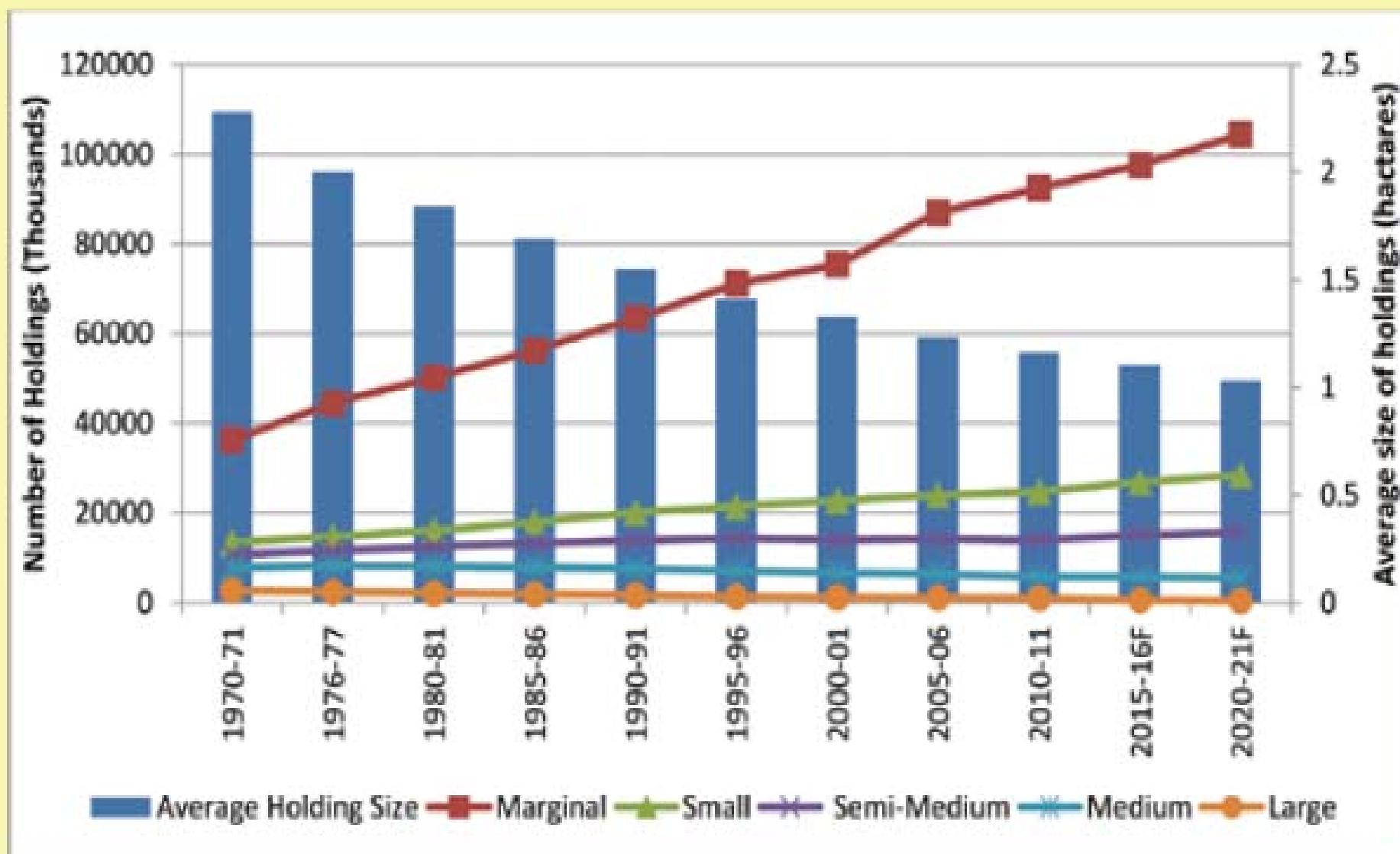
<i>Free</i>	<i>Mostly Free</i>	<i>Moderately Free</i>	<i>Mostly Unfree</i>	<i>Repressed</i>
Hong Kong	Luxembourg	Czech Republic	Fiji	Togo
Singapore	Canada	Mauritius	Senegal	Venezuela
Australia	Chile	South Korea	Poland	Bangladesh
USA	Netherlands	France	Ghana	Belarus
New Zealand	Japan	Thailand	India	Angola
United Kingdom	Bahamas	Namibia	China	Turkmenistan
Ireland	Taiwan	Peru	Russia	Libya
	Spain	Switzerland	Algeria	Cuba
	Norway	Tunisia	Vietnam	Sierra Leone
	Finland	Lebanon	Nigeria	Burundi

Source: Based on Heritage Foundation Index of Economic Freedom, <http://www.heritage.org>

# Agriculture and Allied Sector GDP Share in Overall GDP



## Indian Farm Holding Size Shrinking



Source: Data from the Directorate of Economics & Statistics, Ministry of Agriculture; extrapolations beyond 2010-11 are based on trend growth in each variable between 1970-71 and 2010-11.

## India - Harvest and Post-Harvest Losses of Fruits and Vegetables

Crop	% loss
Vegetables	7 to 13
Fruits	6 to 18
Plantation Crops and Spices	1 to 9

## Level of Processing of Fruits & Vegetables in selected Countries

Country	Level of Processing
USA	65%
France	70 %
Brazil	70 %
Malaysia	83%
Philippines	78 %
Thailand	30%
India	2.1%

Source: Cygnus Report, Indian Food Processing Sector, 2006.

## significant implications for the economy

- Farm population per hectare of operated area will increase and per capita farm income will decline.
- Delivering agricultural credit to an increasing number of small and marginal farmers a challenge and implementation of crop insurance at farm-holding level will become difficult.
- Farm mechanisation will become difficult.
- The marketable surplus of agricultural produce will decline.
- Marketable surplus will become more fragmented making grading and standardisation difficult.

# Legal Systems

The unique systems of regulations, laws, and rules that affect the choices made by individuals in any society and that govern the ways these individuals are responsible for their decisions and actions

# Legal Systems

- Common law: based on the concept of precedent, whereby the law is applied after an examination of past cases
- Civil law: based on a very detailed set of rules and regulations that form part of a country's legal code
- Islamic law: based on the Shari'ah, the Law taken from the Qur'an, Islam's sacred texts

*Exhibit 8.2* Legal Systems Around the World

<i>Common Law</i>	<i>Civil Law</i>
Australia	Armenia
Bahamas	Azerbaijan
Cyprus	Belarus
Fiji	Belgium
Hong Kong	Cameroon
India	Denmark
Ireland	France
Japan	Luxembourg
Mexico	Montenegro
New Zealand	Panama
Tonga	Portugal
United Kingdom	Russia
USA	Serbia
Zambia	Taiwan

Source: Based on CIA World Factbook,  
<http://cia.gov/cia/publications/factbook>