



# BARTER SYSTEM

(वस्तु विनिमय प्रणाली)



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# BARTER SYSTEM

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## Definition

- It is a type of economy in which there exist direct exchange of goods and services without using money.
- It is a oldest system of trade, but it still exist in our society parallel to the monetary system.

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## Limitations

- Absence of common measure of value.
- Double coincidence of want.
- Lack of divisibility.
- Problem of storing wealth.
- Lack of standards for deferred payments.
- Problem of transportation.

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## Advantage

- It is a simple system avoid of the complex problem of the modern monetary system.
- The problem of international trade (i.e. foreign exchange crisis & adverse balance of payments)do not exist.
- There is no problem of concentration of economic power into the hands of a few rich persons, because there is no possibility of storing the commodities.
- There is no question of over or under production (or unemployment) since goods are produced just to meet the needs of the society, hence natural resources will be perfectly utilized without any wastage.

# THANK YOU

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