



# Economics Class Notes for IAS and PCS

## Chapter 1: Introduction Economy

<b>Economy</b>
<ul style="list-style-type: none"> <li>➤ Economy is use &amp; care of scarce resources</li> <li>➤ Economics are two types               <ol style="list-style-type: none"> <li>1. Capitalist Economy</li> <li>2. State Economy</li> </ol> </li> </ul>
<b>Capitalist Economy</b>
<ul style="list-style-type: none"> <li>➤ Adam Smith wrote book "A wealth of Nation"</li> <li>➤ Voice against heavy handed by government.</li> <li>➤ Capitalist economy follows Laissez faire (non – interference by government).</li> <li>➤ Invisible hand of Market (Price Mechanism) which depend on Demand &amp; Supply</li> </ul>
<b>State Economy</b>
<ul style="list-style-type: none"> <li>➤ State Economy (Karl Marx) are of two types               <ol style="list-style-type: none"> <li>1. Socialist – Collective ownership of means of Production.</li> <li>2. Communist – State ownership of all properties &amp; labor.</li> </ol> </li> </ul>
<b>Centralized Economy</b>
<ul style="list-style-type: none"> <li>➤ Centralized economy (Planned Economy, Non – market Economy, Command Economy)</li> <li>➤ It includes production, supply &amp; price run by state. Ex. USSR, Cuba.</li> <li>➤ Totally bound on communist Model</li> </ul>
<b>Mixed Economy</b>
<ul style="list-style-type: none"> <li>➤ Mixed Economy given by John Maynard Keynes and it also called "Inductive Economy"</li> <li>➤ both Market and State or Public + Private</li> <li>➤ Where Public sector exists along with heavy dose of swadeshi in National Economy.</li> </ul>
<b>Market Socialism – Justice with Market</b>
<ul style="list-style-type: none"> <li>➤ Neoliberalism is Individual liberty, free market, free trade</li> <li>➤ Structural change of economy is Long term, change base on fundamental structure.</li> <li>➤ Subsistence change of economy is transformed into commercial economy.</li> <li>➤ Market economy is Laissez faire economy, minimum participation of government.</li> </ul>
<b>Types of Economy</b>
<b>Microeconomics</b>
<ul style="list-style-type: none"> <li>➤ Production /output in individual industries &amp; business &amp; consumer behavior.</li> <li>➤ How much office space, how many car etc.</li> </ul>
<b>Macroeconomics</b>
<ul style="list-style-type: none"> <li>➤ National production/ output, GDP, GNP, BOP, Poverty, inflation, employment</li> </ul>



### **Sector of Economy**

1. **Primary Sector** – Activities, use direct use of National Resources.  
Ex. Agriculture, forestry, fishing, fuels, metals & minerals.
2. **Secondary Sector** (Manufacturing Sector) – Produce from Primary sector material.  
Ex. Automobile, Breed, Butter, Textile etc.
3. **Tertiary Sector** – Related to Service provided  
Ex. Education, Banking, Health, Infrastructure, Insurance, Tourism, Transportation etc.
4. **Quaternary Sector** – Related to Intellectual Service  
Ex. Information generation, information sharing, consultation, development & Research
5. **Quinary Sector** – High level decision made by Top executive in government, industry, education, media and Not Profit Organization.



**RAHEIN EDUCATION**  
www.raheineducation.com

**UPSC - IAS**

Rahein Education



Free online Test: [www.coderunnertest.com](http://www.coderunnertest.com)

Email Id: [raheineducation@gmail.com](mailto:raheineducation@gmail.com)

Website: [www.raheineducation.com](http://www.raheineducation.com)

YouTube link: <https://youtube.com/@insightadda?si=S0awd3xnkHB6Pbjr>

**Insight Adda 365 by TKG**

@InsightAdda



Telegram Link: <https://t.me/insight2020>



Contact: [raheineducation@gmail.com](mailto:raheineducation@gmail.com) | [www.raheineducation.com](http://www.raheineducation.com) |

Free Online Notes of This Topic: <https://raheineducation.com/upsc-uppcs-pre-exam/>