



Economics Class Notes for IAS and PCS

Chapter 1: Introduction Economy

Economy
➤ Economy is use & care of scarce resources ➤ Economics are two types 1. Capitalist Economy 2. State Economy
Capitalist Economy
➤ Adam Smith wrote book "A wealth of Nations" ➤ Voice against heavy handed by government. ➤ Capitalist economy follows Laissez faire (non-interference by government). ➤ Invisible hand of Market (Price Mechanism) which depend on Demand & Supply
State Economy
➤ State Economy (Karl Marx) are of two types 1. Socialist – Collective ownership of means of Production. 2. Communist – State ownership of all properties & labor.
Centralized Economy
➤ Centralized economy (Planned Economy, Non-market Economy, Command Economy) ➤ It includes production, supply & price run by state. Ex. USSR, Cuba. ➤ Totally bound on communist Model
Mixed Economy
➤ Mixed Economy given by John Maynard Keynes and it is also called "Inductive Economy" ➤ both Market and State or Public + Private ➤ Where Public sector exists along with heavy doses of swadesi in National Economy.
Market Socialism – Justice with Market
➤ Neoliberalism is Individual liberty, free market, free trade ➤ Structural change of economy is Long term, change based on fundamental structure. ➤ Subsistence change of economy is transformed into commercial economy. ➤ Market economy is Laissez faire economy, minimum participation of government.
Types of Economy
Microeconomics
➤ Production /output in individual industries & business & consumer behavior. ➤ How much office space, how many cars etc.
Macroeconomics
➤ National production/ output, GDP, GNP, BOP, Poverty, inflation, employment



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



Free online Test: www.coderunnertest.com

Email Id: raheineducation@gmail.com

Website: www.raheineducation.com

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

Insight Adda 365 by TKG

@InsightAdda



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

