

Quick Study Pointers

Market & Economics

National Income

- **Definition:** Total value of goods and services produced within a nation over a year.

Stock and Flow Concept

- **Stock:** Static measure at a specific point (e.g., wealth, capital).
- **Flow:** Dynamic measure over time (e.g., income, GDP).

National Income at Current and Constant Prices

- **Current Price:** Measured without adjusting for inflation.
- **Constant Price:** Adjusted for inflation, reflecting real growth.

Key National Income Indicators

Gross Domestic Product (GDP)

- **Definition:** Total value of goods and services produced within a country's borders.
- **Types:**
 - **Nominal GDP:** Current prices, no inflation adjustment.
 - **Real GDP:** Adjusted for inflation.

Gross National Product (GNP)

- **Definition:** $GDP + \text{Net Factor Income from Abroad (NFIA)}$.

Net National Product (NNP)

- **Definition:** $GNP - \text{Depreciation}$.

Net Domestic Product (NDP)

- **Definition:** GDP - Depreciation.

Personal Income (PI)

- **Definition:** Total income received by individuals before taxes.

Disposable Income (DI)

- **Definition:** Income left after taxes, available for consumption and savings.

Inflation

- **Definition:** General increase in prices, reducing purchasing power.

Types of Inflation

1. **Demand-Pull Inflation:** Excess demand over supply.
2. **Cost-Push Inflation:** Rising production costs increase prices.
3. **Built-In Inflation:** Caused by wage-price spiral expectations.

Causes of Inflation

1. **Excess Demand:** High demand outstrips supply.
2. **Supply Shocks:** Disruptions (e.g., natural disasters) reduce supply.
3. **Rising Production Costs:** Increases in raw materials, wages, or fuel prices.

Remedies for Inflation

Monetary Policy

- **Interest Rates:** Raising rates reduces borrowing, slows inflation.
- **Open Market Operations:** Central bank buys/sells government securities.

Fiscal Policy

- **Taxation:** Higher taxes reduce disposable income and demand.
- **Government Spending:** Lowering spending controls inflation.

Additional Related Topics

Purchasing Power Parity (PPP)

- **Definition:** Compares price levels across countries, adjusting for inflation.

Consumer Price Index (CPI)

- **Definition:** Measures average price changes for a basket of goods and services, indicating inflation trends.

Design Thinking

Definition of Design Thinking

- Human-centered approach to problem-solving and innovation.
- Focuses on empathy, creativity, and iterative testing.
- Used in product development, business strategy, and social innovation.

Phases/Steps of Design Thinking

1. **Empathize:** Understand the user's needs through observation and interaction.
 - Tools: User personas, empathy maps.
 - Example: *Lenskart* (virtual trials for glasses).
2. **Define:** Synthesize research to pinpoint the core problem.
 - Example: *Zomato* (ease of access to diverse cuisines).
3. **Ideate:** Brainstorm creative solutions.
 - Tools: Mind mapping, brainstorming.
 - Example: *Flipkart* (Cash on Delivery).
4. **Prototype:** Create simplified models for testing.
 - Example: *Chumbak* (tested product designs).
5. **Test:** Gather feedback and refine the solution.
 - Example: *OYO Rooms* (iterative improvement of hotel management system).

Related Concepts

- **Human-Centered Design (HCD):** Broad philosophy focusing on user needs.
 - Example: *Tata Nano* (affordable car for middle-class families).
- **Lean Startup:** Minimizing waste by validating ideas iteratively.
 - Example: *Swiggy* (testing restaurant partnerships and delivery models).
- **Agile Methodology:** Continuous iteration and user feedback.
 - Example: *Freshworks* (rapidly evolving customer software).

Research in Design Thinking

- **Primary Research:** First-hand data collection (interviews, surveys).
 - Example: *Licious* (surveying meat-buying preferences).
- **Secondary Research:** Using existing data (reports, competitor analysis).
 - Example: *Udaan* (studying wholesale market trends).

Observation

- Key to uncovering hidden needs through real-world user behavior.
 - Techniques: Direct observation, shadowing.
 - Example: *Bluestone* (observing jewelry shopping behavior).

Empathy and Tools

- **Empathy Mapping:** Visualize user thoughts, feelings, actions.
 - Example: *Myntra* (understanding fashion-conscious users).
- **Customer Journey Mapping:** Identify touchpoints in the user experience.
 - Example: *BigBasket* (addressing delivery and quality concerns).

Problem Articulation

- **Framing the Right Problem:** Leads to focused solutions.
 - Example: *PolicyBazaar* (framing transparency in insurance information).
- **Reframing Problems:** Provides new perspectives.
 - Example: *OYO* (shifting from cost to standardization of budget hotels).