

# GENERAL STUDIES-III

Technology,  
Economic Development,  
Biodiversity,  
Environment,  
Security and  
Disaster Management

Google drive for ppts and handouts

<http://bit.ly/2JCS42A>

<http://bit.ly/2JD88Bf>

# LIST OF TOPICS

- Basics of Economy
- National Income Accounting
- Structure of Indian Economy & Planning in India
  - Monetary Policy
  - Money & Banking
    - Fiscal Policy
    - Inflation
- Money Market & Capital Market
- Exchange Rate & Balance of Payment
- Economic Reforms - Impact & Challenges
- Unemployment and Poverty
- Inclusive Growth & Sustainable Development
  - Infrastructure in India
- External Sector & Foreign Investment
  - Investment Models
  - Agriculture in India
  - Food Processing in India

## REFERENCES

- Indian Economic Development-Class 11<sup>th</sup> NCERT
- Introductory Macroeconomics-Class 12<sup>th</sup> NCERT
- Datt & Sundharam Indian Economy
- Newspapers- The Hindu , Indian Express
- Online – Livemint : [arthapedia.in](http://arthapedia.in)

# NEED TO STUDY ECONOMICS

**Resources** (Limited)  **Objectives** (Infinite)

Two Main School of Thoughts in Economics :  
Classical and Keynesian

Q1. Can the government influence the economic processes ?

Q2. Should the government influence the economic processes?

# MODELS OF ECONOMY

## Capitalistic Economy

Decisions are taken by private enterprises

No economic role of the state

Laissez-Faire System

## Socialistic Economy

Decisions are taken by the State(Govt.)

State has an absolute power over all resources

Non-market Economy

## Mixed Economy

Characterized by features of both capitalism and socialism

State protects private property and allows a level of economic freedom

Government influence in economic activities in order to achieve social aim

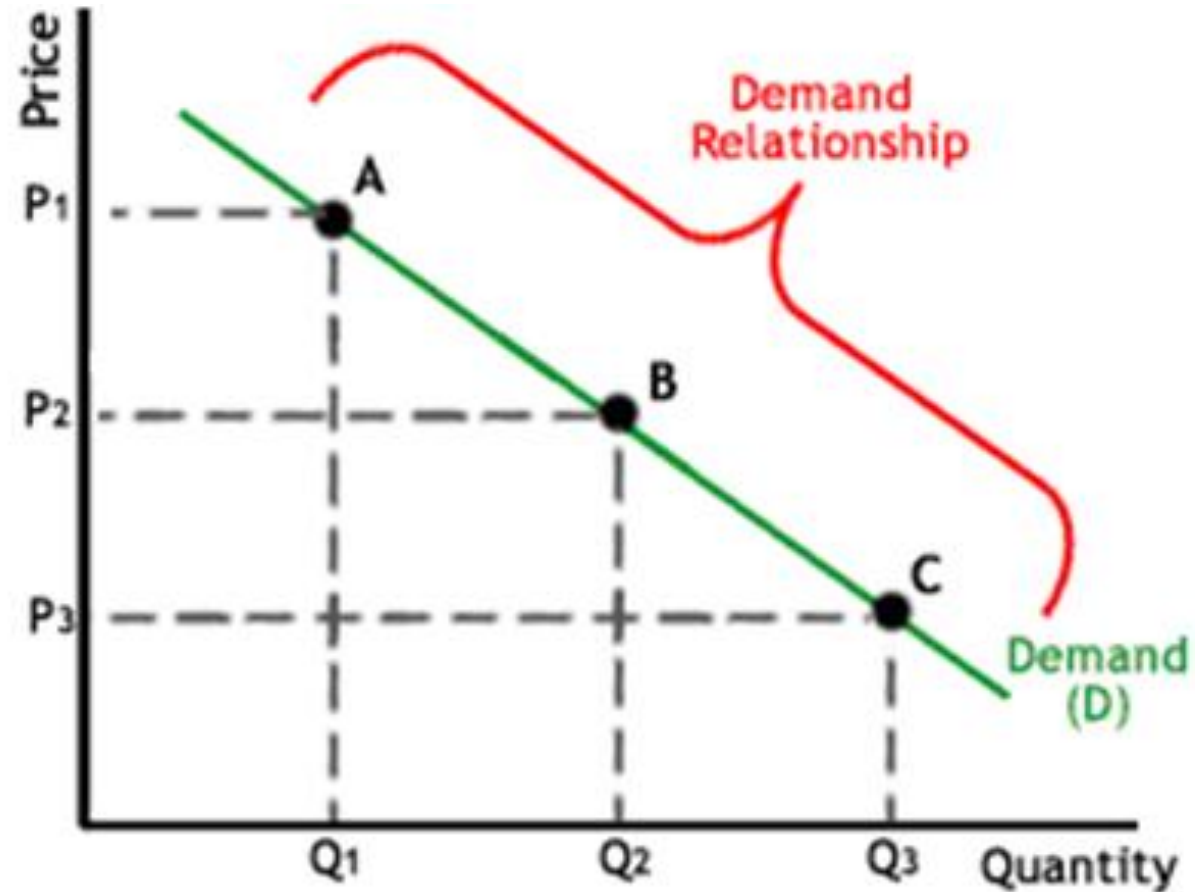
# SECTORS OF ECONOMY

Primary	Secondary	Tertiary
Includes all economic activities where there is direct use of natural resources	Uses the product of primary sector as its raw material.	Includes economic activities where services are produced.
Example - Agriculture, Fishing, Forestry, etc.	Example - Manufacturing or Industrial sector	Example - Banking, Education, Transportation, etc.

# SUPPLY & DEMAND

## Law of Demand

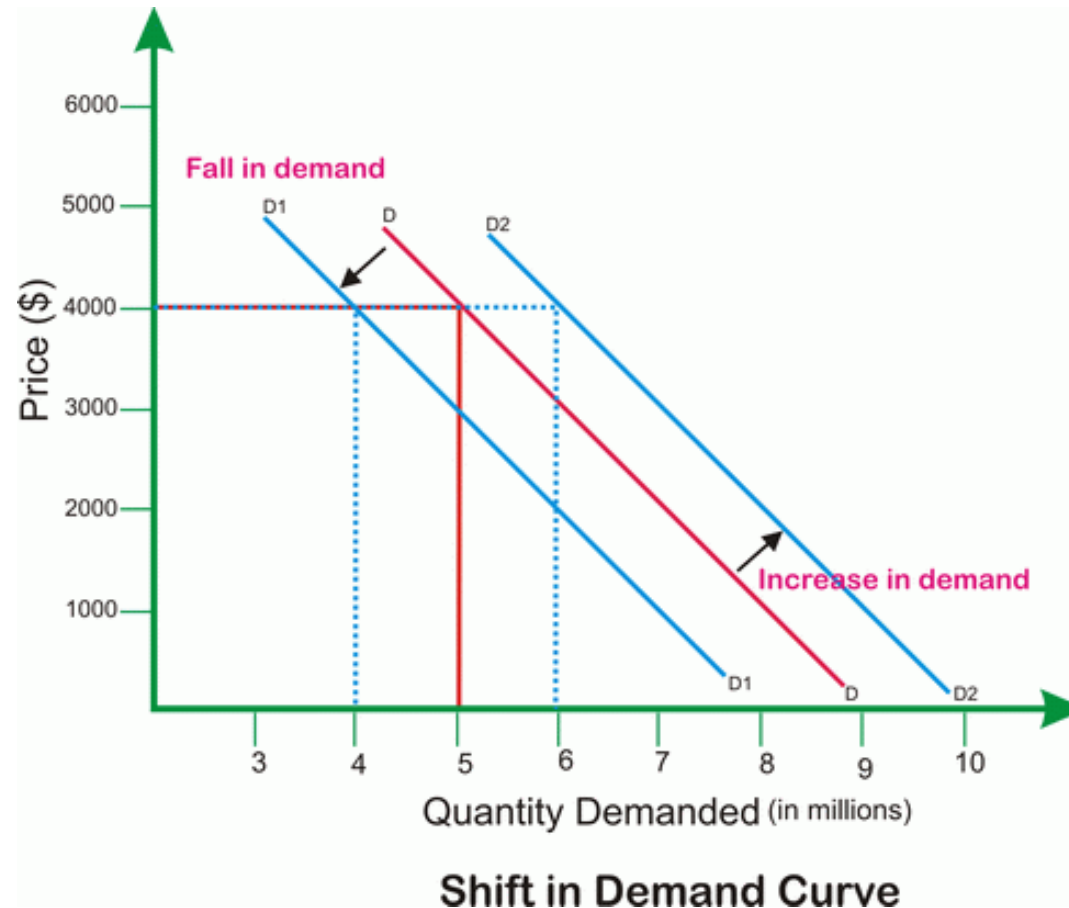
It states that if all other factors remain equal the quantity demanded of the good falls when the price of the good rises and when the price falls the quantity demanded rises. The downward - sloping line relating price and quantity demanded is called the demand curve.





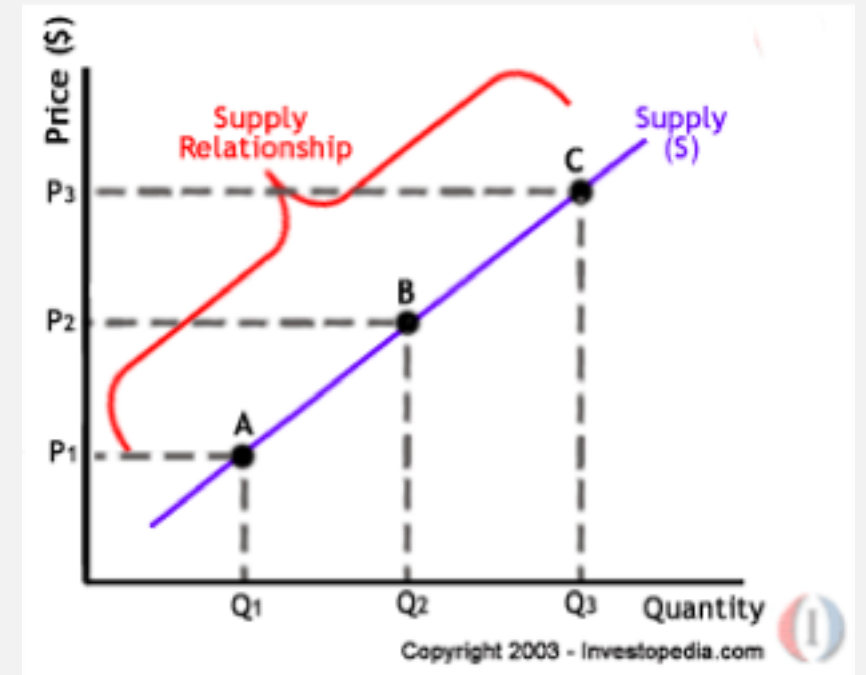
## Shifts in the Demand Curve :

Any change that increases the quantity demanded at every price, shifts the demand curve to the right and is called an increase in demand. Any change that decreases the quantity demanded at every price shift the demand curve to the left and is called a decrease in demand.



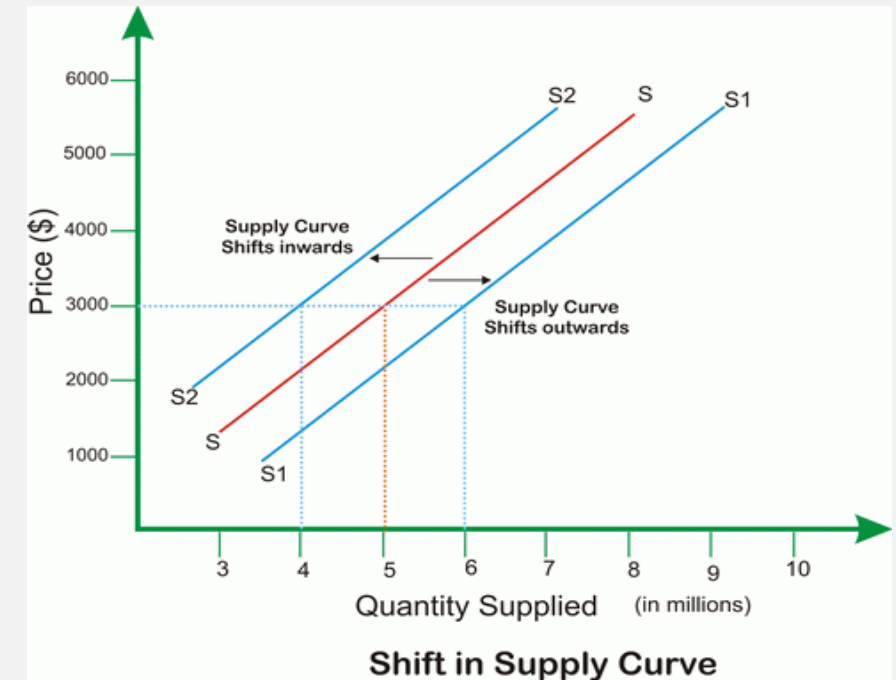
- **Law of Supply :**

It states that other things being equal, when the price of good rises, the quantity supplied of the good also rises, and when the price falls, the quantity supplied falls as well. The curve relating price and quantity supplied is called the supply curve.

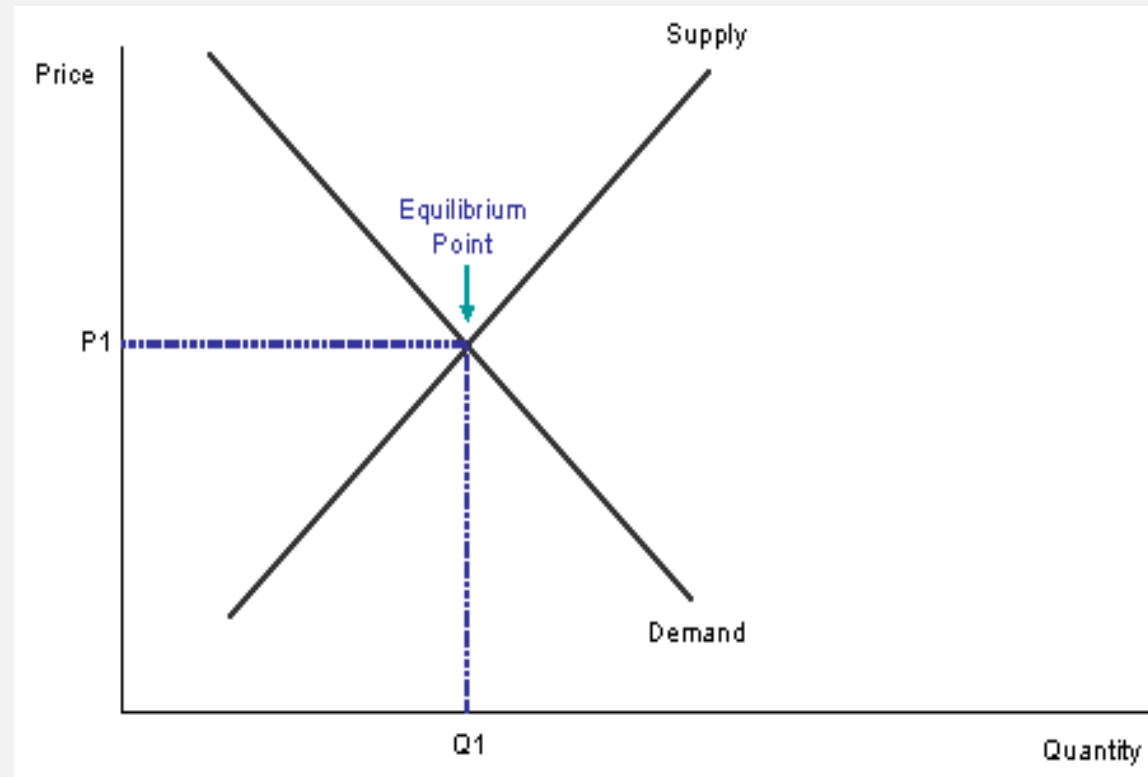


- **Shifts in the Supply Curve :**

Any changes that raise quantity supplied, shifts the supply curve to the right and is called an increase in supply. Similarly, any change that reduces the quantity supplied shifts the supply curve to the left and is called a decrease in supply.



# EQUILIBRIUM PRICE AND QUANTITY



# FACTORS OF PRODUCTION

Land

Labour

Capital

Enterprise

Rent

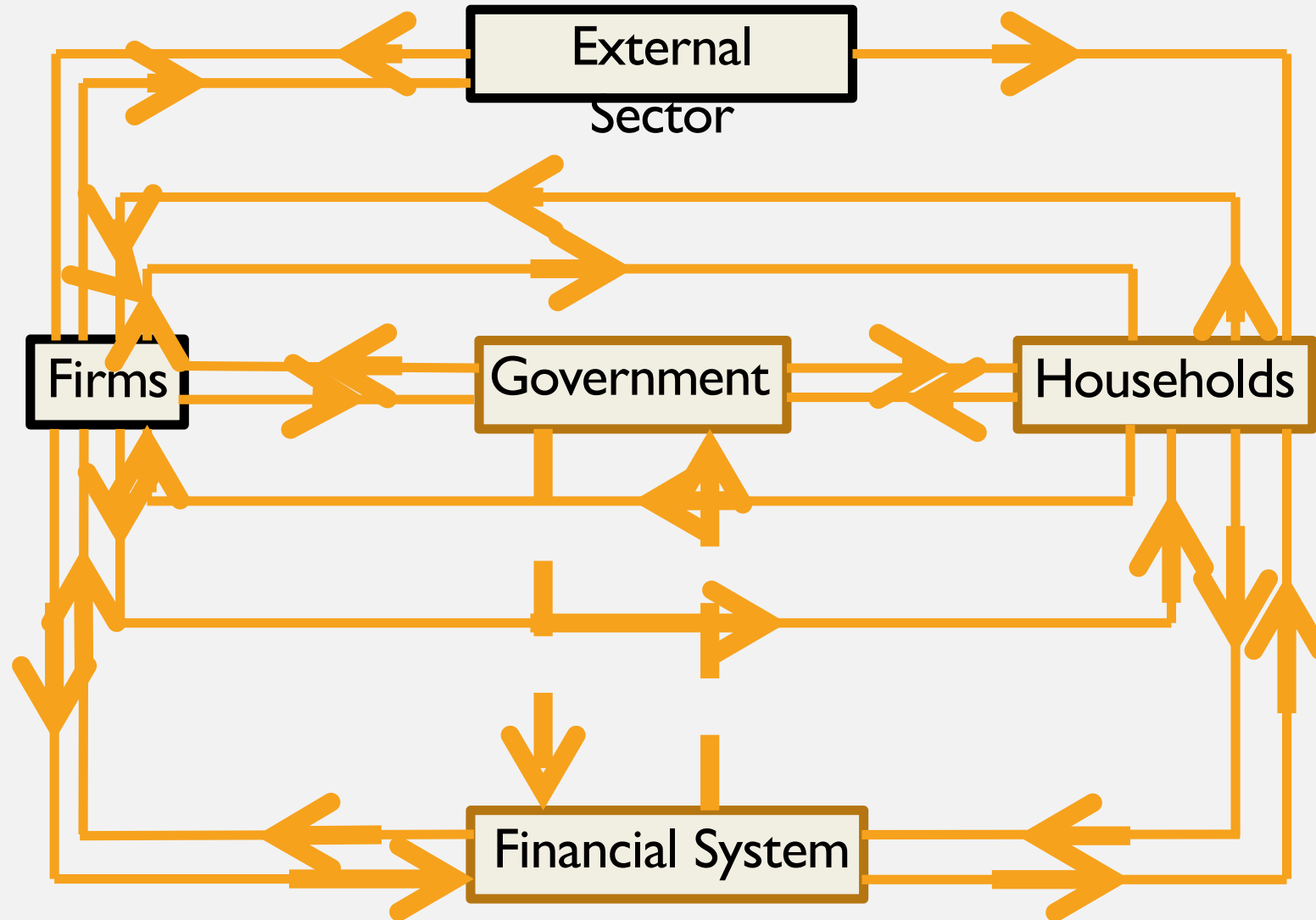
Wages

Interest

Profit

**Factor Cost**

# CIRCULAR FLOW IN AN ECONOMY



## FEATURES OF A GROWING ECONOMY

- Creating **newer employment** opportunities for all categories of labour force
- There should be an increase in **wages of unskilled labour**
- Increased production of goods and services, with greater **value addition**
- **Increase tax revenue** to the Government.