

Syllabus - Prelims

- Current Events
- Economic and Social Development.
- Sustainable development, Poverty inclusion

* Questions related to theory are less common.

→ Syllabus - UPSC + Past Papers + Current Affairs

→ Strategy → kSG material & strategy, Newspapers

→ Source → kSG material

→ Depth → ^{Neither} GS v/s Expert (Optional) — What
— In between - rationalized approach.

→ Dynamic part - Economic Survey + Budget 2020-21
(2020-21) C 2021
+ Updates
+ Government reports
+ Int. organizations.



For Terminology; - make Notepad

Data → not daily. - MoSPI & RBI notification

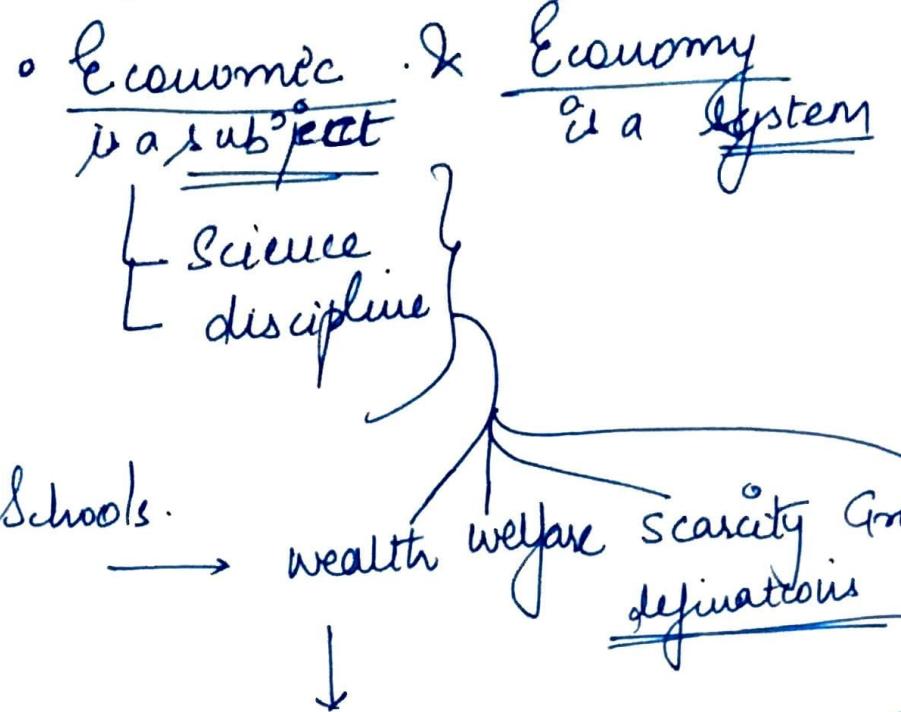
Concepts;

- Basic Concepts
- Economic Growth and Development
- Financial Sector - Inflation, ML, Taxation
- Domestic Sector - Agriculture etc.
- Social Sector.
- Foreign Sector.
- Public Finances
- Miscellaneous
- Recent National & International happenings.

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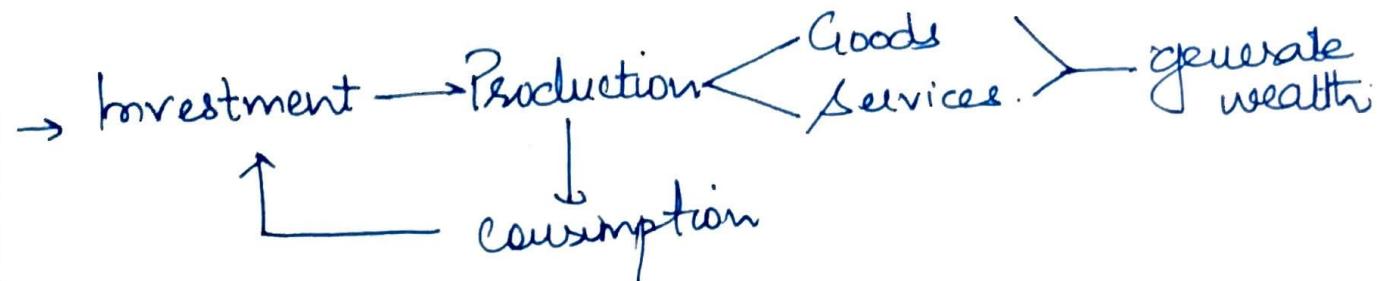
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Chapter 1: Basic of Economics



→ 1776, Adam Smith (Father of Economics)

According to him, it is the science of wealth which studies the process of production, consumption and accumulation of wealth. Concept of Economic Man. wealth maximization.

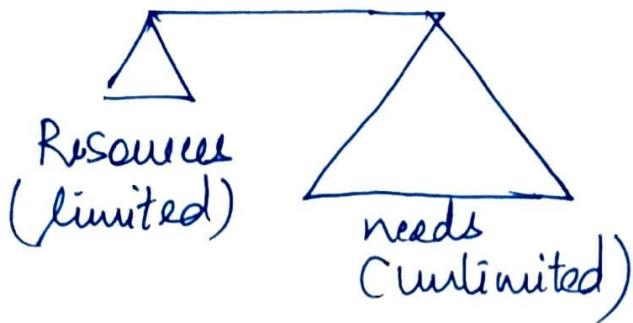


* Welfare : human welfare centric

Alfred Marshall → it is the study of men as they live and move and think in the ordinary business of life

Living
 food
 clothing
 shelter
 other

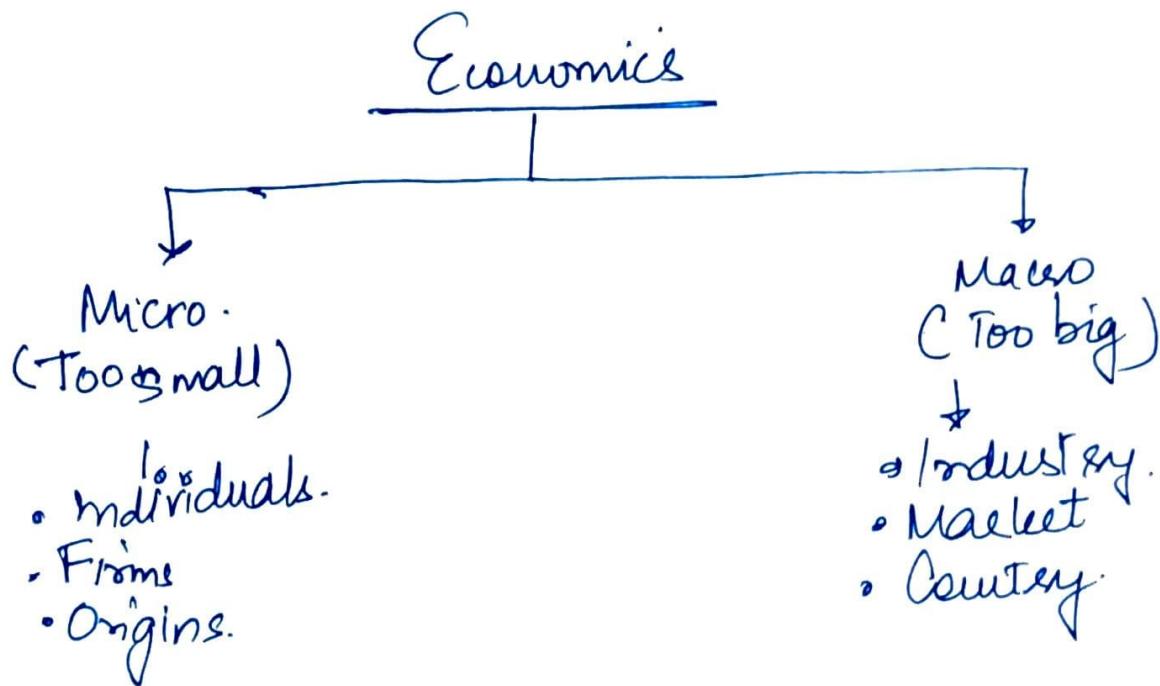
* Scarcity; Ltd. supply of Resources (Economic).



Paul Samuelson.

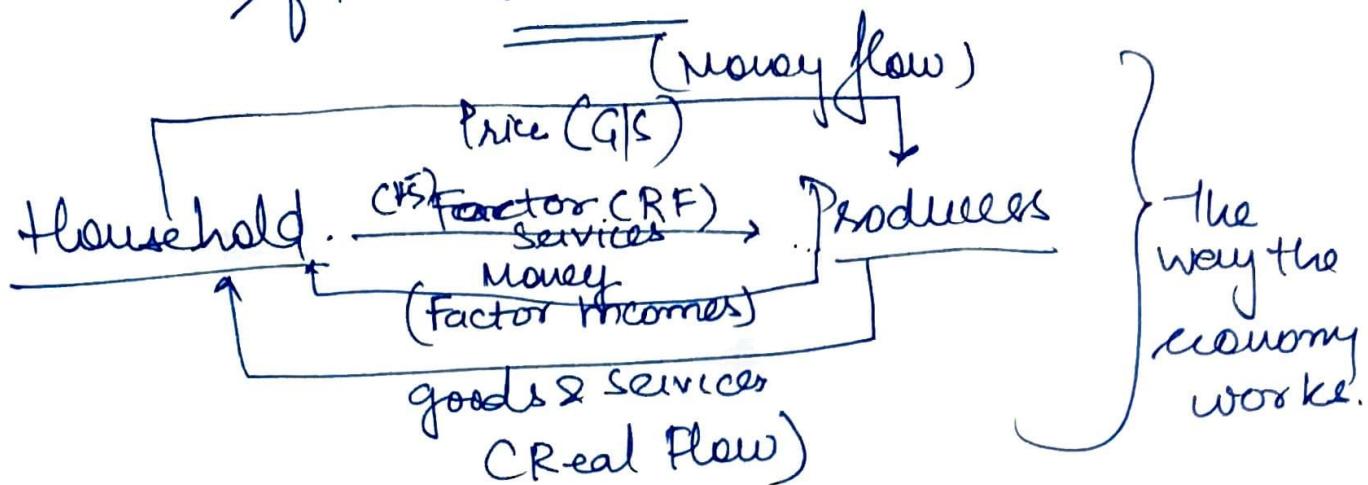
* Choice / scarcity - human wants
 (Optimize)

* Growth → study of economic based on production
 consumption, investment
 growth

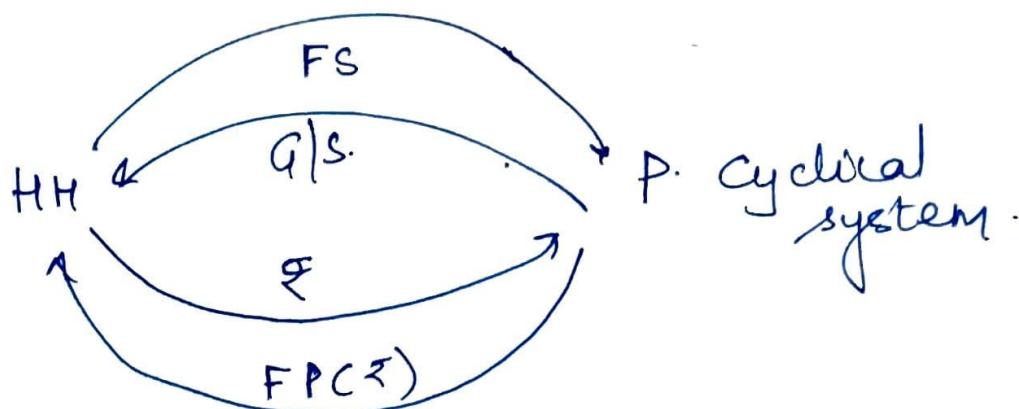


Economy → is a system
of a region (Country)

Activities — investment
production
consumption
on
based of human wants



OR



So,	Economics	v/s.	Economy
	Subject		System.
	knowledge		Region
	Choices		Activities
	(R < W)?		

- XI - IED ✓ - Indian Economic Development
- XII - Micro Macro only terms

* Parallel Economy

There are two economy

- Main
- v/s
- Regular
- Recorded
- Visible
- Taxable
- Registered
- in GDP

Underworld or
Black Economy

- Parallel
- Illegal (Drugs/ weapons etc)
- Non registered commercial entities
- Unrecorded
- Unreported
- non-taxed

They form a equally
big part of economy.

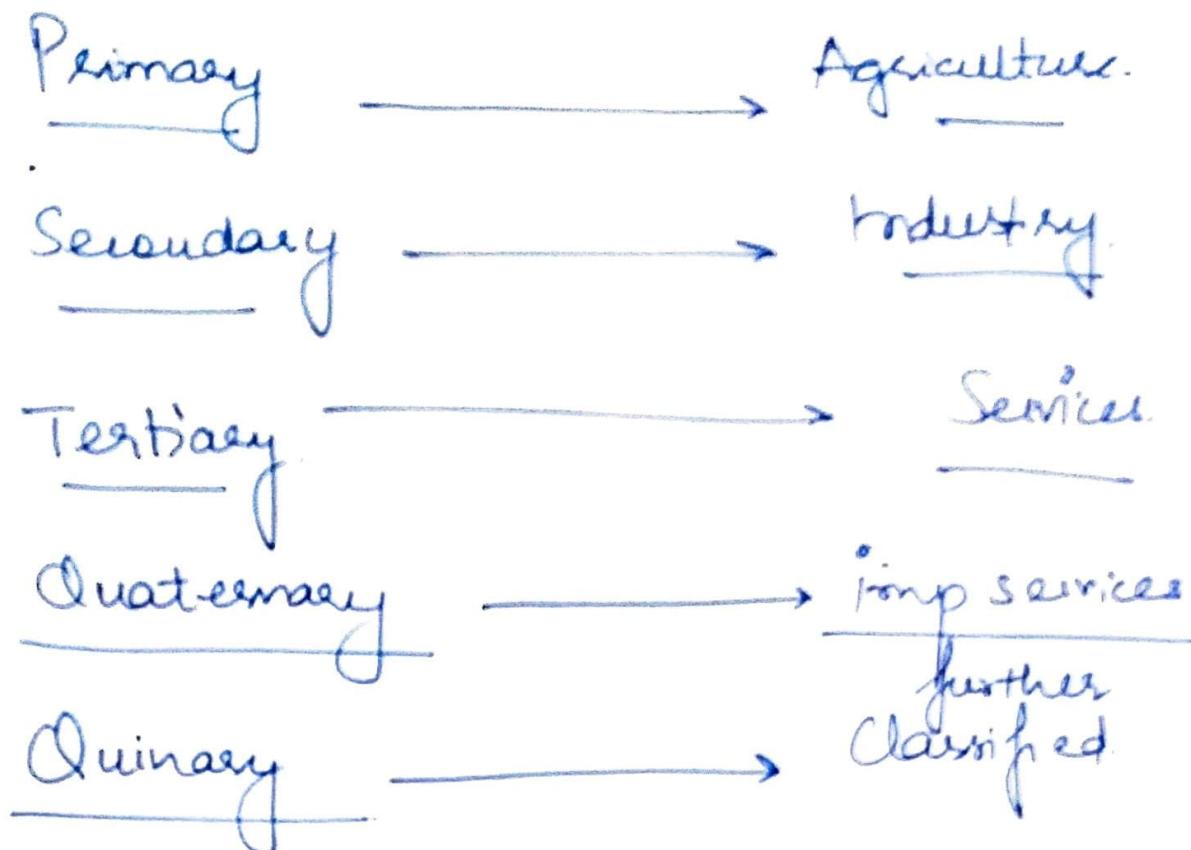
∴ Parallel Economy: all illegal activities and the unreported or unregistered legal activities form the parallel economy. There are several dimensions of parallel economy such as.

- Illegal economy or activities including drug trafficking, arms trafficking, human trafficking, human organ trafficking smuggling activities which are not registered with any department or institution.
- Informal sector or unorganised sector.
- Unrecorded economic activities.
- Activities not reported to taxation and non-taxation authorities also called unreported economic activities.

* Open v/s Closed Economy

Any economy which has economic relations with Rest of the World including imports, exports Technology transfer, foreign investment, labour exchange, management exchange is an open economy.

Sectoral Classification of Economy.



- 1) Primary - the activities based on products of the nature including agriculture, animal keeping, forestry, fishing, mining, quarrying.
- 2) Secondary Sector : based on processing of natural and other products and adding value by manufacturing, assembling, construction etc.
- 3) Tertiary ; based on providing services. such as trade, transport, broadcasting, communication, banking, insurance, professional services.

(5)

4) Quaternary sector ; services based on intellect and specialised knowledge such as consulting, planning, software development, Education.

Recently become important.

5) Quinary sector - gold collar jobs

- Top level management highly paid work.
- Services involving creation and interpretation of existing and new ideas of decision making and strategizing
- eg CEOs etc.

* Formal v/s Informal Sector.

Employers

Informal

Formal

Employees

formally appointed

informally

	Organized	Unorganized (Forms)
Formally Employed)		
Informally Employed)		

W.A. Lewis
 used the term informal for the first time to define those who do not have formal terms of service, job security and social security.

International Labour Organization (ILO) has defined informality as a way of doing business. Characterized by ease of entry, family ownership, small scale, labour intensive, reliance on indigenous resources & unregulated and competitive markets.

NSSO report on the informal sector and conditions of employment in India (2004-2005) showed that out of total workers nearly 82% in rural areas and 72% in urban areas were engaged in the informal sector.

8

The government realizing the criticality of the issue established National Commission for the enterprises in the unorganized sector in 2004.

The NSSO data for the year 2012 is given below;

	Organized	Unorganized	(sector)
Formally	37m	1.4m	- 8%
Informally (employed)	45m	391 m	- 92%

* Classification

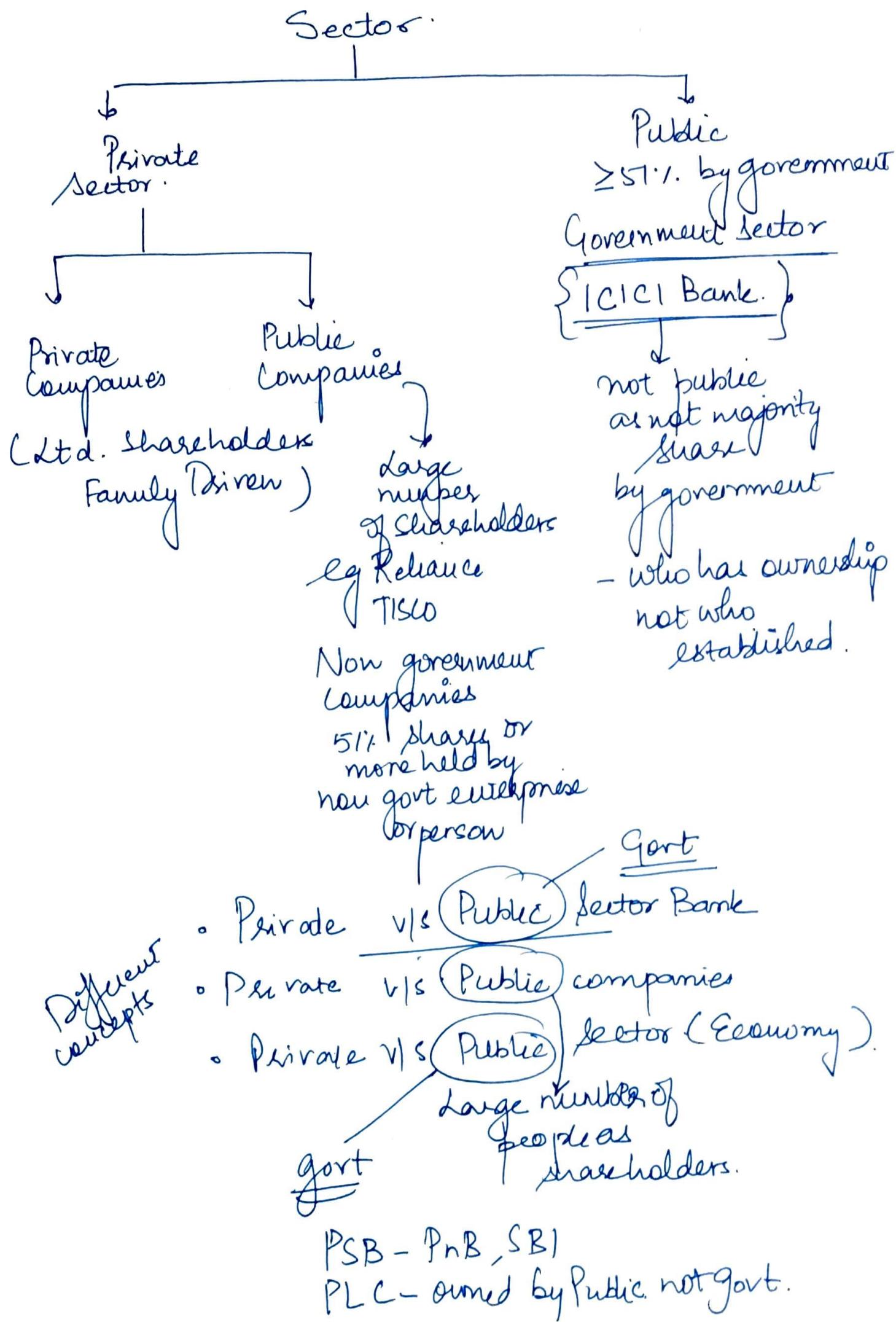
- I. Primary, Secondary, Tertiary, Quaternary, Quinary.
- II. Formal, Informal.

III. Private v/s Public Sector.

(CPSU, PSB)

Public limited companies

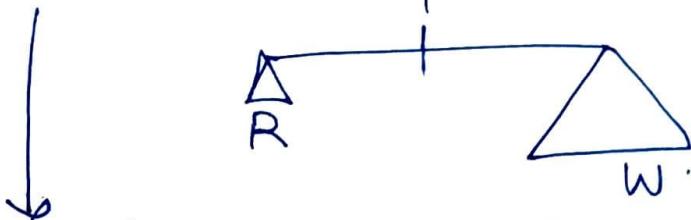
Reliance → public sector company but private



* Problem of Scarcity

means limited availability of resources

Ltd . Resources v/s Unlimited want



- Natural Resources (Land)
- Human Resources (Labour)
etc.
- Man-made Resources (Capital)
- Enterprise (Entrepreneurs)