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## 1. ECONOMIC GROWTH

Economics is the social science that studies the production, distribution, and consumption of goods and services.

<b>Macroeconomics:</b>	It analyses the entire economy (meaning aggregated production, consumption, saving, and investment) and issues affecting it, including unemployment of resources (labour, capital, and land), inflation, economic growth, and the public policies that address these issues (monetary, fiscal, and other policies).
<b>Microeconomics:</b>	The study of the economic behaviour of individual “agents” such as particular companies, workers, or households.

### TYPES OF ECONOMY

<b>TRADITIONAL ECONOMIES</b>	<ul style="list-style-type: none"> <li>• A traditional economy will use the barter system and has no concept of currency or money.</li> <li>• Such economies believe in only producing what and how much they require. They find no need to produce any market surplus.</li> </ul>
<b>MARKET ECONOMY</b>	<ul style="list-style-type: none"> <li>• There is no involvement or interference from the government or any such controlling power.</li> <li>• The entire economy is determined by the participants of the economy and the laws of demand and supply.</li> <li>• Example - USA, Hong Kong</li> </ul>
<b>COMMAND ECONOMY/PLANNED ECONOMIES</b>	<ul style="list-style-type: none"> <li>• There is one centralized power- In most of the cases, the government.</li> <li>• The government makes all decisions regarding the economy. The price will also be determined by it.</li> <li>• Example - Cuba, China</li> </ul>
<b>MIXED ECONOMY</b>	<ul style="list-style-type: none"> <li>• It is a perfect coordination between a command economy and a free market economy.</li> <li>• The economy is free of government intervention but the government will regulate whenever it feels necessary, and oversee specific sensitive areas of the economy like transportation, public services, defence etc.</li> <li>• Example - India and France</li> </ul>

### SECTORS OF THE ECONOMY

#### ON BASIS OF ACTIVITY NATURE:

<b>PRIMARY SECTOR</b>	<ul style="list-style-type: none"> <li>• The primary sector of the economy is the sector of an economy <b>making direct use of natural resources</b>. This includes agriculture, forestry and fishing, mining, and extraction of oil and gas.</li> </ul>
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	<ul style="list-style-type: none"> <li>• People engaged in primary activities are called red-collar workers due to the outdoor nature of their work.</li> </ul>
<b>SECONDARY SECTOR (MANUFACTURING)</b>	<ul style="list-style-type: none"> <li>• Secondary sector (also called industrial sector) is an economic sector which describes the role of manufacturing. It encompasses the industries which produce a finished, usable product or are involved in construction. This sector uses the produce of the primary sector as its raw materials.</li> <li>• People engaged in secondary activities are called <b>blue collar workers</b>.</li> </ul>
<b>TERTIARY (SERVICES)</b>	<ul style="list-style-type: none"> <li>• This sector's activities help in the development of the primary and secondary sectors. By itself, economic activities in tertiary sector do not produce a goods but they are an aid or a support for the production.</li> <li>• This sector jobs are called <b>white collar jobs</b>.</li> <li>• <b>Pink-collar worker</b> is one who is employed in a job that is traditionally considered to be women's work. E.g. baby sitter, florist, day care worker, nurses etc.</li> <li>• This sector includes all economic activities where different 'services' are produced. E.g. Retail sector, Tourism, Banking, medical and health care services.</li> </ul>
	<b>Quaternary Activities:</b> (Knowledge Sector) <ul style="list-style-type: none"> <li>• Research and development/advanced form of services involving/specialized knowledge and technical skills.</li> <li>• The quaternary sector is the <b>intellectual aspect of the economy</b>. It is the process which enables entrepreneurs to innovate and improve the quality of services offered in the economy.</li> </ul>
	<b>Quinary Activities:</b> (top decision-makers) <ul style="list-style-type: none"> <li>• Referred to as '<b>gold collar</b>' professions, they represent another subdivision of the tertiary sector representing special and highly paid skills of senior business executives, government officials, etc.</li> </ul>

**ON BASIS OF WORK CONDITION:**

<b>ORGANISED SECTOR</b>	<ul style="list-style-type: none"> <li>• In this sector, <b>employment terms are fixed and regular</b>, and the employees get <b>assured work and social security</b>.</li> <li>• It can also be defined as a sector, which is <b>registered with the government</b> and a <b>number of acts apply</b> to the enterprises. Schools and hospitals are covered under the organised sector.</li> <li>• Workers in the organised sector <b>enjoy security of employment</b>. They are expected to work only a <b>fixed number of hours</b>. If they work more, they have to be paid overtime by the employer.</li> </ul>
<b>UNORGANISED SECTOR</b>	<ul style="list-style-type: none"> <li>• An unorganised worker is a <b>home-based worker or a self-employed worker or a wage worker</b> in the unorganized sector and includes a worker in the organized sector who is <b>not covered by any of the Acts pertaining to welfare Schemes</b> as mentioned in Schedule-II of Unorganized Workers Social Security Act, 2008.</li> <li>• In this sector wage-paid labour is <b>largely non-unionised</b> due to casual and seasonal nature of employment and scattered location of enterprises.</li> <li>• The sector is marked by <b>low incomes, unstable and irregular employment, and lack of protection</b> either from legislation or trade unions.</li> <li>• The unorganised sector uses mainly <b>labour intensive and uses indigenous technology</b>.</li> <li>• Contributions made by the unorganised sector to the national income, is very substantial as compared to that of the organised sector. It adds more than <b>60% to the national income</b> while the contribution of the organised sector is almost half of that depending on the industry.</li> </ul>

**ON BASIS OF ASSET OWNERSHIP:**

THE PUBLIC SECTOR	THE PRIVATE SECTOR	PPP (PUBLIC PRIVATE PARTNERSHIP)
<ul style="list-style-type: none"> <li>In the sector, government owns most of the assets and it is the part of the economy concerned with providing various governmental services.</li> <li>The purpose of the public sector is not just to earn profits. Governments raise money through taxes and other ways to meet expenses on the services rendered by it.</li> </ul>	<ul style="list-style-type: none"> <li>In the private sector, ownership of assets and delivery of services is in the hands of private individuals or companies.</li> <li>Activities in the private sector are guided by the motive to earn profits. To get such services we have to pay money to these individuals and companies.</li> </ul>	<ul style="list-style-type: none"> <li>PPP is an arrangement between government and private sector for the provision of public assets and/or public services.</li> <li>In this type of partnership investments being undertaken by the private sector entity, for a specified period of time.</li> <li>As PPP involves full retention of responsibility by the government for providing the services it doesn't amount to privatization.</li> </ul>

ECONOMIC GROWTH	ECONOMIC DEVELOPMENT
The increase in the production of goods and services is called Economic Growth	The process of Economic Growth which leads to improvement in the general welfare of people is called Economic Development.
Quantitative in nature	Qualitative in nature.
Uni-dimensional	Multi-dimensional
Can happen without development	Cannot happen without Growth.
Indicators – Real GDP, Real Per Capita Income etc.	Indicators- Human Development Index, Physical quality of life index etc.

<b>Domestic Territory includes:</b>	<ul style="list-style-type: none"> <li>Political frontiers of the country including its territorial waters</li> <li>Military Establishment of the country abroad</li> <li>Embassies and Consulates</li> <li>Ships/Aircrafts/Fishing Vessels/Oil Rigs belonging to the residents of the country</li> </ul>
<b>Net Factor Income:</b>	<ul style="list-style-type: none"> <li><b>Domestic factor income:</b> The sum of factor incomes like rent, wages, interest and profits generated within the domestic country. It includes both incomes earned by residents as well as non-residents/foreigners working in India.</li> <li>At the same time, Indian go abroad to work and earn wages, salaries, profits, and rents.</li> <li><b>NFIFA (Net Factor Income from Abroad) =</b> Factor income received by the residents of india working abroad <b>MINUS</b> the factor income paid to the foreign residents for working in india</li> </ul>
<b>Per Capita Income (PCI)</b>	<ul style="list-style-type: none"> <li>PCI measures the average income earned per person in a given area, in a specified year.</li> <li>It is calculated by dividing the area's total income by its total population.</li> </ul>
<b>National Income Accounting</b>	<ul style="list-style-type: none"> <li>National Income Accounting is the book-keeping system to measure the economic activity in the national economy as a whole.</li> </ul>