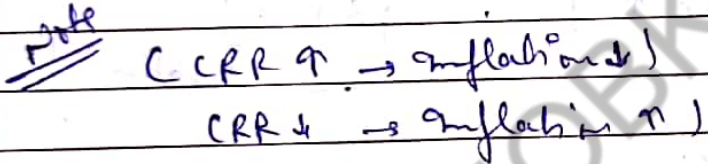
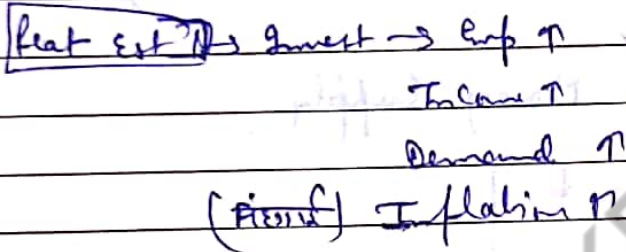
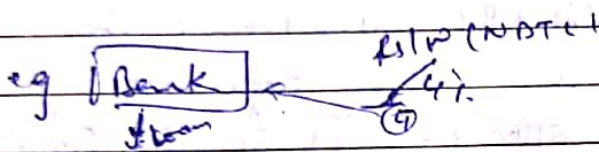
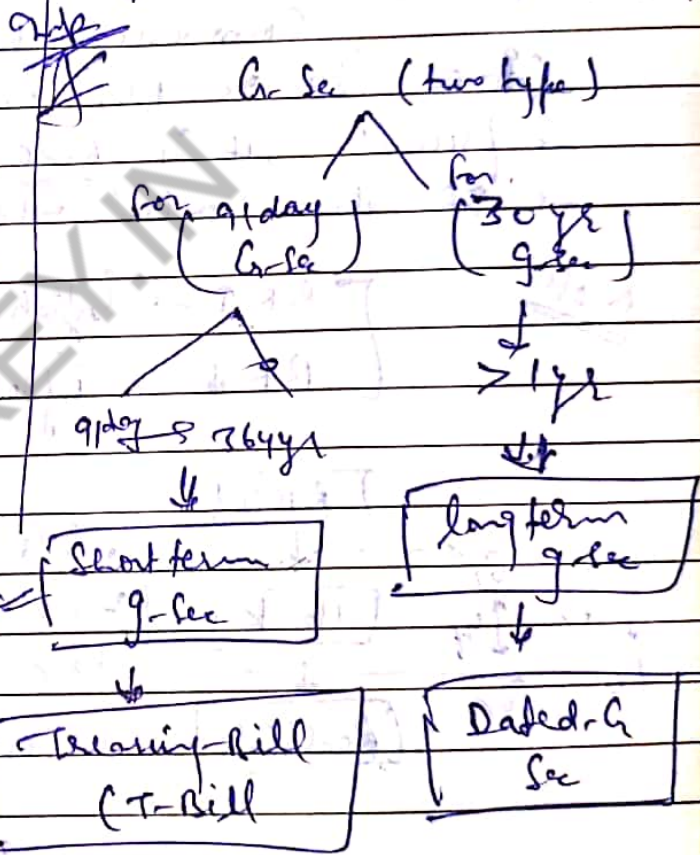
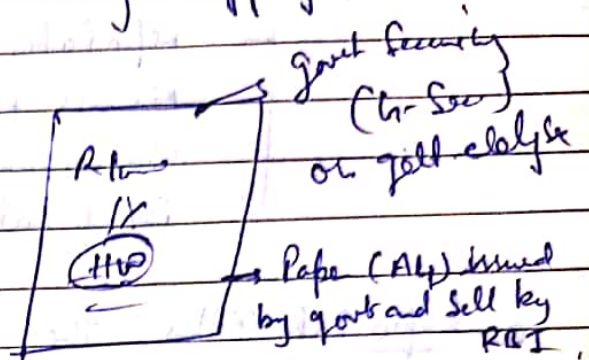


2. presently it is 4%
3. It protect the bank from insolvency and also control the Money Supply.

($\frac{1}{2}$ का अंश का विनाशित होना से बचाना है और इस प्रकार माफ़ियाओं को नियंत्रित करना है)



2. presently it is 20.5%
3. It also control the Money Supply.



Open Market operation (OMO)

\Rightarrow Sell and purchase of govt. security by the RBI is called OMO.

→ It also control the Money Supply.

3. Policy Rate

- ↳ Repo rate (RR)
 - ↳ Reverse Repo rate (RRR)
 - ↳ Marginal Standing Facility (MSF) → 2011
 - ↳ Bank Rate
- } June 2000

a. Repo rate (RR) The rate at which RBI lend money to Commercial bank is called Repo rate

(अगर वह बैंक को RBI से ऋण मांगेगा तो वह इस दर पर उसे देगा)

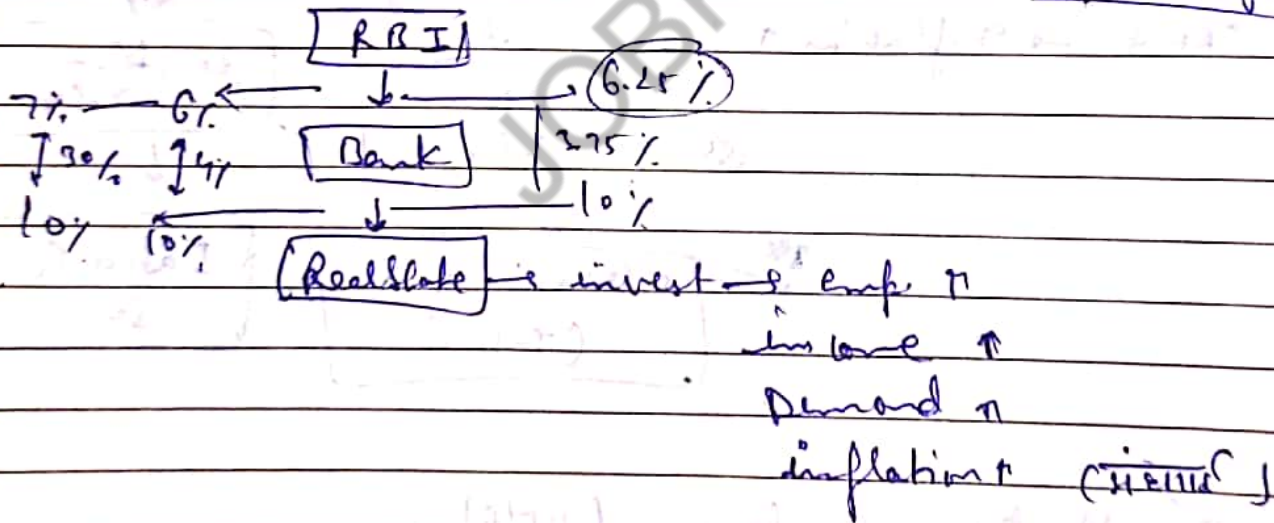
→ presently it is 6.25%

→ It also control the Money Supply.

Note

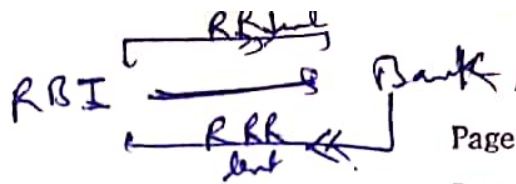
RR ↑ → Inflation ↓
RR ↓ → Inflation ↑

RR < Inflation



b. Reverse Repo rate (RRR)

The rate at which Commercial bank lend money to RBI is called RRR. (अगर वह बैंक को ऋण देगा तो RBI उसे इस दर पर देगा)



Page _____ @ubhash

Date _____

→ presently 6%.

$$\boxed{RRR = (RR - 0.25\%)}$$

6.2 Marginal Standing facility.

The rate at which RBI lend Money to only commercial bank is called MSF.

(अगर बैंक को RBI से उधार लेना है तो इस दर पर है)

→ present it is 6.5%.

$$\boxed{MSF = (RR + 0.25\%)}$$

Bank Rate - The Rate at which RBI lend Money to the Bank is called Bank Rate.

(अगर बैंक को RBI से उधार लेना है तो इस दर पर है)

→ presently it is 6.5%.

$$\boxed{\text{Bank Rate} = MSF = (RR + 0.25\%)}$$

EconomicsQ. Difference

<u>Repo rate</u>	<u>MIF</u>	<u>Bank Rate</u>
1. Short term loan (1 day, 7 day, 14, 28, 56 days)	1. Short term loan (1 day or over night)	1. long term loan.
2. Collateral, Yes (winning or losing) (G-sec)	2. Collateral, Yes. ↓ (G-sec)	2. No Collateral
3. Commercial Bank = Central govt, State govt. etc	3. only Commercial Bank	3. On the Bank Rate, RBI provide the loan only in the condition of insolvency. (Presently)
4. order of 5 cr. (5 multiple 5, 10, 15, ...)	4. order of 1 cr. (1, 2, 3, 4, ...)	4. presently it has been " <u>deactivated</u> ".

Dear Money (High Interest)

→ Money at the "high interest" rate is called dear Money.

cheap Money (Low Interest)

→ money at the low interest rate is called cheap Money.

Chapter 2

FOREX (विदेशी मुद्रा आरक्षण)

(Foreign Exchange)

1. Exchange Rate (आदान गति)

The rate at which currency of one country exchange with currency of other country is called Exchange rate.
→ It is managed by Central Bank of Country.

2. Foreign Exchange Reserve (विदेशी मुद्रा आरक्षण)

1. Total quantity of foreign currency at a particular instant is called Foreign Exchange Reserve (FER).
2. It is managed by Central Bank of Country.

$$\text{Forex} = \text{Foreign Currency} + \text{Gold Reserve} + \text{SDR}$$

(\$, £, ¥, etc.) 560 tone 12 billion
10¹⁰

↓
 Special Drawing Rights

∴ Forex ≈ 372 billion \$

SDR (Special Drawing Rights)

1. It is currency of IMF (International Monetary funds)

$$1 \text{ SDR} \approx 1.36 \$$$

2. It is also called "paper gold".

~~*~~ India's Forex = ~ 372 billion \$

* Note: China has the largest forex in Reserve

~ 3100 billion \$

Exchange Rate System

↓
fixed Exchange
Rate System
eg China

↓
floating Exchange
Rate System
or Flexible Exchange
eg India

Fixed Exchange Rate System

1. In this system rate of currency is fixed with a single currency or basket of currency.
2. for example China
3. The word devaluation and revaluation is related to fixed Exchange Rate System

mp SSC 2016

Export become cheaper
Import become - dearer

Floating Exchange Rate System

- In this sys. the rate of currency of a country is determined by demand and supply of the currency.
- for example, US, UK, India
- The word depreciation and appreciation is related to floating Exchange Rate System

VA

Note → In 1992 India accepted floating
floating Exchange Rate System.

④ IMF (International Monetary Fund)

1. era of establishment 1945 (स्थापना)
2. Head office → Washington D.C
3. Head → Christine Lagarde (मुख्यालय)
4. Function → It provide technical assistance
of economic part to different
country
eg. GDP calculation Method, Exchange
Rate, dollar crisis etc

Hard Currency.

(1)

Eco.

Hard Currency.

1. It is the most demanded currency of the world
eg. Dollar, Pound
2. It is the currency of those countries which have diversity high export in the field of Defense, technology, medicine etc.
3. It is less volatile (slow exchange rates).

Soft Currency.

1. It is easily available eg. Rupee.
2. Its quality ^{volatility} is very high (high exchange rates)

Hot Currency.

1. It is generally hard currency
2. The currency which show the inflow & outflow value is called Hot currency.

Inflation (उत्प्रेक्षा)

- (Price)
- persistent price rise is called inflation
 - In this condition value of good & service increases and value of money decrease.

Deflation (उत्प्रेक्षा)

- persistent price fall is called deflation
- In this condition, value of goods & services decreases & value of money increases.

②

eg. Rs 10 (2011)
Rs 12 (2017)

Formula

$$\text{Inflation (I)} = \frac{\text{Current price} - \text{Base price}}{\text{Base price}} \times 100$$

$$= \frac{12-10}{10} \times 100 = 20\%$$

⑦

Laspeyres Method

(related to Germany).

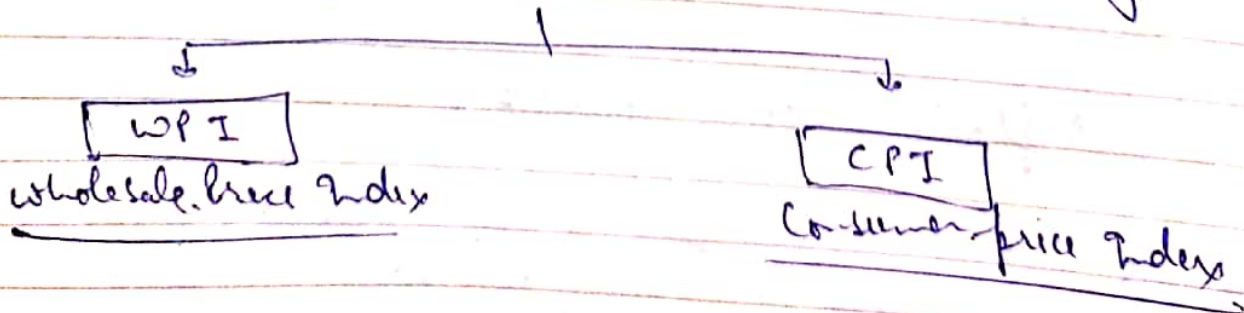
Item	Weight	2012	2017	Ratio (17/12)	Wt. Ratio (X)
Rice	60	Rs 40	Rs 50	5/4	75
Paste	30	Rs 25	Rs 30	6/5	36
Beer	10	Rs 80	Rs 110	11/8	1375
	100				<u>124.75</u>

$$I = \frac{\text{Current wt} - \text{Base wt}}{\text{Base wt}} \times 100$$

$$= 24.75\%$$

⑧

There are two Index to show the inflation in India



3

#	Parameter	Who?	Base Yr	
	GDP	CSO	2011-12	
	CPI	CSO	2012	
	WPI	Commerce & Industry Ministry	2011-12	(change in May 2017)

CSO → Central Statistics Office

→ WPI - It is generally used by Corporate sector.

→ CPI - It is generally used by Common people.

→ It is price at the producer level

→ Used by Corporate sector

→ presently ~ 1.37%

→ It is price at the consumer level

→ used by common people

→ presently ~ 3.6%

Types of Inflation

④

Economics

Types of inflation

Based Cause

Based Degree

- | | |
|---|-------------------|
| 1. Demand - pull inflation | ↳ Hypo Inflation |
| 2. Cost - push Inflation
⇒ Stagflation | ↳ Hyper Inflation |
| 3. Structural Inflation | |

(5)

(मानकीय प्रवृत्ति)

1. Demand - full Inflation →

→ It is due to imbalance in the demand & supply

→ It is controlled by increase the supply (↑) & decreasing the demand ↓

2. Cost - push Inflation (बाजार बाजार)

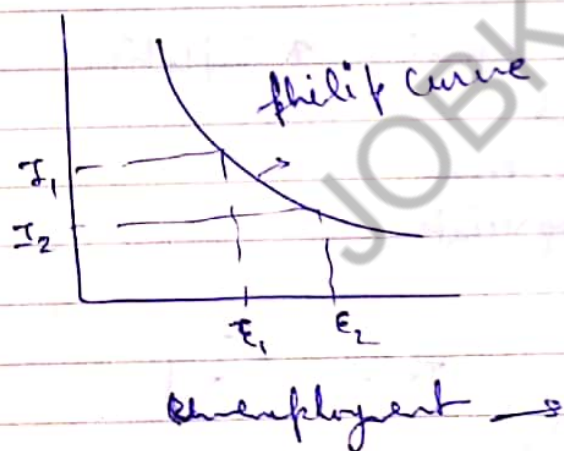
→ It is due to increase in the Input Cost.

→ It is generally control by reducing the Taxes ↓

3. Stagflation (असमानता एवं प्रवृत्ति)

→ inflation with unemployment is called Stagflation

inflation ↑



⇒ According to philip curve inflation & unemployment

3. Structural Inflation

→ It is due to structural problem in the economy.

→ like problem was on the production side.

→ It is controlled by Structural reforms.

6

eg by increasing the production.

(A) Hypo Inflation. (सामान्य सूचक)

(दरमद सूचक वा समद सूचक)

→ It is also called walking on creeping inflation

→ It is generally shown in single digit. eg 1%, 2%, ... %

(B) Hyper Inflation.

(दरमद सूचक वा समद सूचक)

→ It is also called jumping or galloping inflation

→ It is generally shown in double digit.
eg 10%, 11%, ...

(C) Effect of Inflation

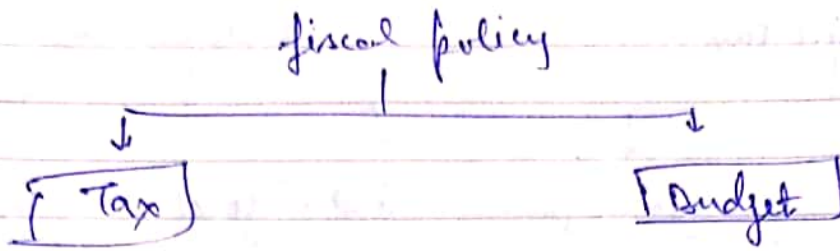
1. Lender (दाता) → loss equal to ↑ inflation
2. Borrower → profit " "
3. Investment → less equal
4. Exchange rate → Appreciate

Chapter Fiscal Policy (वित्त नीति)

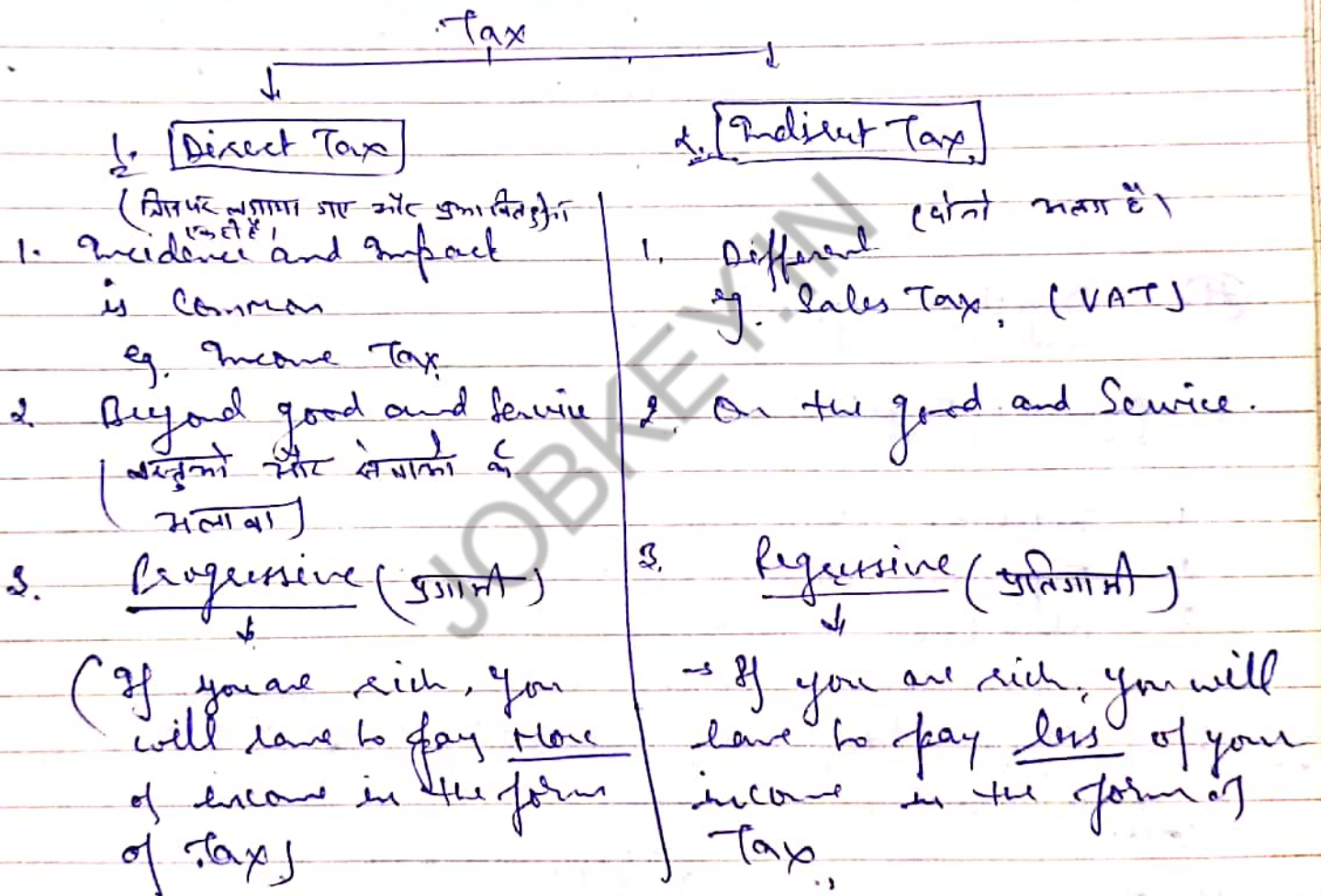
1. fiscal policy is related to expenditure and taxation of the govt.
2. It is issued by "Ministry of finance" on the Annual basis

1 April → 31 March → financial yr.

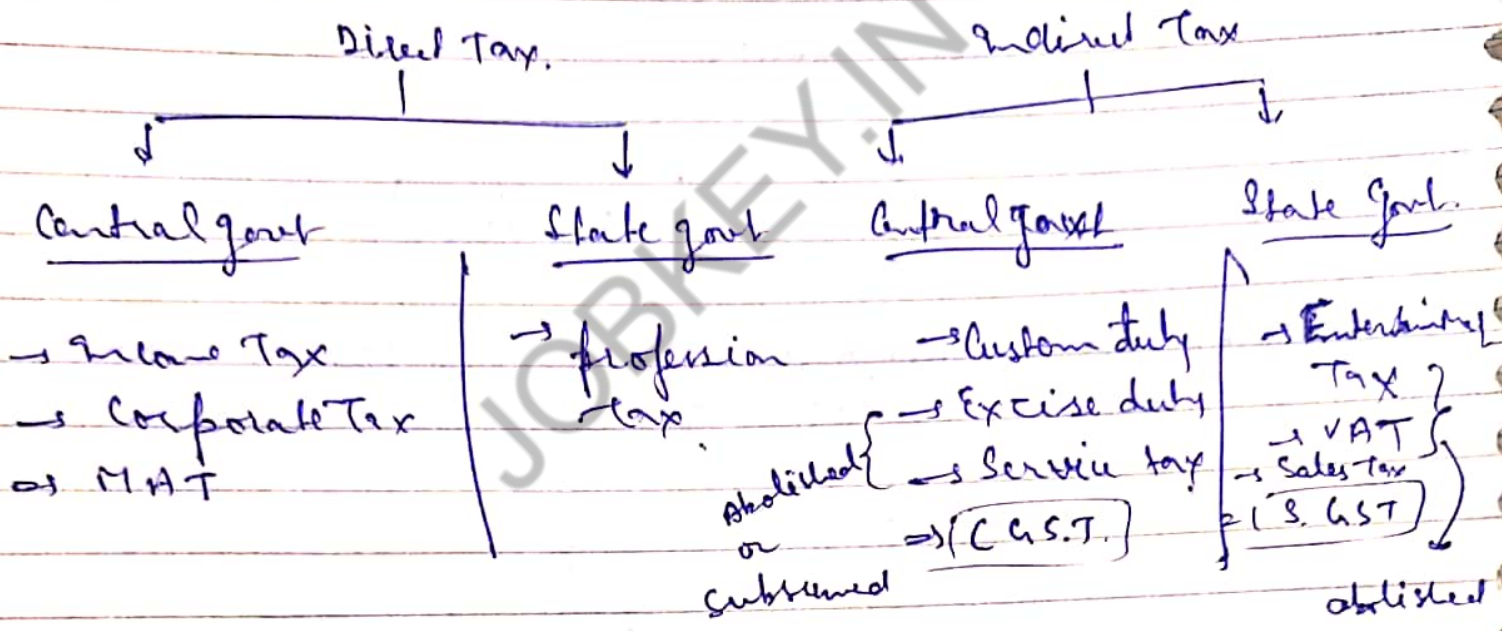
7



⊕ Tax - is a Compulsory payment without extra demand to the govt.



8



9

Economics

Income Tax.

1. It is imposed on income of person.
2. It was introduced by "Lord Canning" on 24th July 1860
3. It is the second largest source of income of Central govt in direct tax as well as overall also.

<u>0-60 yrs</u>	<u>Rate (%)</u>
0-3 Lakh	0%
3-5 Lakh	5%
5 Lakh-10 Lakh	20%
10-50 Lakh	30%
50 Lakh-1 Cr	30% + 10% (Surcharge)
1 Cr - more	30% + 15% Surcharge

Surcharge - It is the "tax on tax".

eg. 1. 7 Lacs / Annum

1. 0 → 3 Lacs (0%) ⇒ Rs 20
2. 3 → 5 Lacs (5%) ⇒ Rs = 10K $2 \text{ Lacs} \times \frac{5}{100} = 10 \text{ K}$
3. 5 → 7 Lacs (20%) ⇒ Rs 40K $(2 \text{ Lacs} \times \frac{20}{100}) = 40 \text{ K}$

Total = 0 + 10K + 40K = 50K

eg. 2. 60 Lacs / Annum

60 Lacs Tax
 16.10 Lacs + 10% (Surcharge)
 + 1.61 Lacs (10% Surcharge on 16.10)
17.71 Lacs A

$16.10 \times \frac{10}{100} = 1.61$

(ii) Corporate Tax (फॉर्म अट)

1. It is implemented on income of Corporate Sector.
2. presently it is 25%.
3. It is the largest source of central govt in direct tax as well as overall also.
 → (Net value पर calculate करत है)

(iii) Minimum alter Tax (कमतरा दरवाला अट)

1. It is implemented on income of Corporate Sector when they avoid Corporation tax.
2. presently it is 18.5%.

(Gross पर calculate करत है)
 (Total) or overall.

eg. 10 Lacs (Gross)
 = 4 Lacs
6 Lacs (Net)

(11)

Professional Tax → It is implemented on the income of a person who is related to any profession like Doctor, lawyer, A.C.A. etc.
→ Max. limit of professional tax is "12 Thousand".

Indirect Tax

Custom duty

1. It is implemented on the import / export of the goods.
2. It is different for the different goods.

Excise duty (उत्पाद शुल्क)

1. It was implemented on the Manufacturing of goods.
2.

Service tax → It was implemented on the cost of rendered service.

Sales Tax It was implemented on sales of good.

VAT (value Added Tax)
(मूल्यवर्धित कर)

1. France 1954 implement

2. In India it was introduced on "1st April 1986"
on recommendation of "L.K. Jha Committee."
(Lakshmi Kant)

Central
Tax

MAN VAT (excise tax)

↓
MOD VAT (excise tax)

= 1 April 1986

↓
CENVAT (excise & service tax)

(12)

⇒ "1 April 2003", Haryana is 1st state that implement the VAT.

= State VAT (Sales Tax) → "1 April 2005"

→ At the state level VAT was implement from 1 April 2005

economic

VAT

<u>Concept</u>	<u>Rate Input</u>	<u>Value Added</u>	<u>Tax (%)</u>	<u>Price</u>
Smithing	Rs 0	Rs 10K	$10K \times \frac{10}{100} = 1K$	11 K
Shoemaker	Rs 11K	Rs 500	$500 \times \frac{10}{100} = 50$	Rs 11550
			Rs 1050	Customs tax =

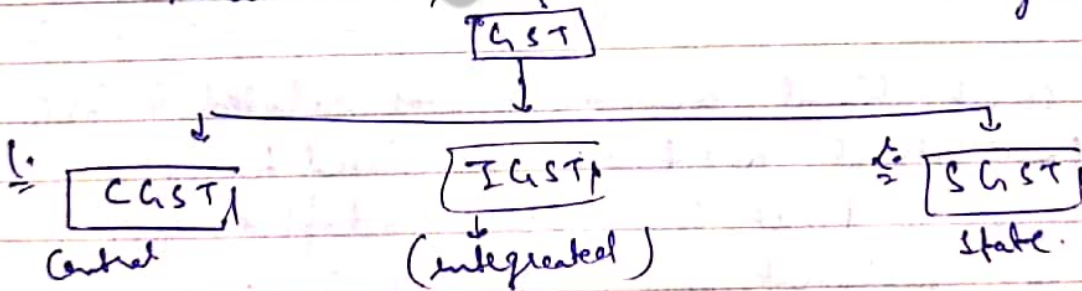
Benefit of VAT:-

1. It remove the cascading effect and goods become cheaper
2. It stop the tax ^{invasion} and control the black money.

GST (Goods & Service tax)

1 July 2017

i. VAT concept is implemented as the most the indirect tax of Central & State govt.



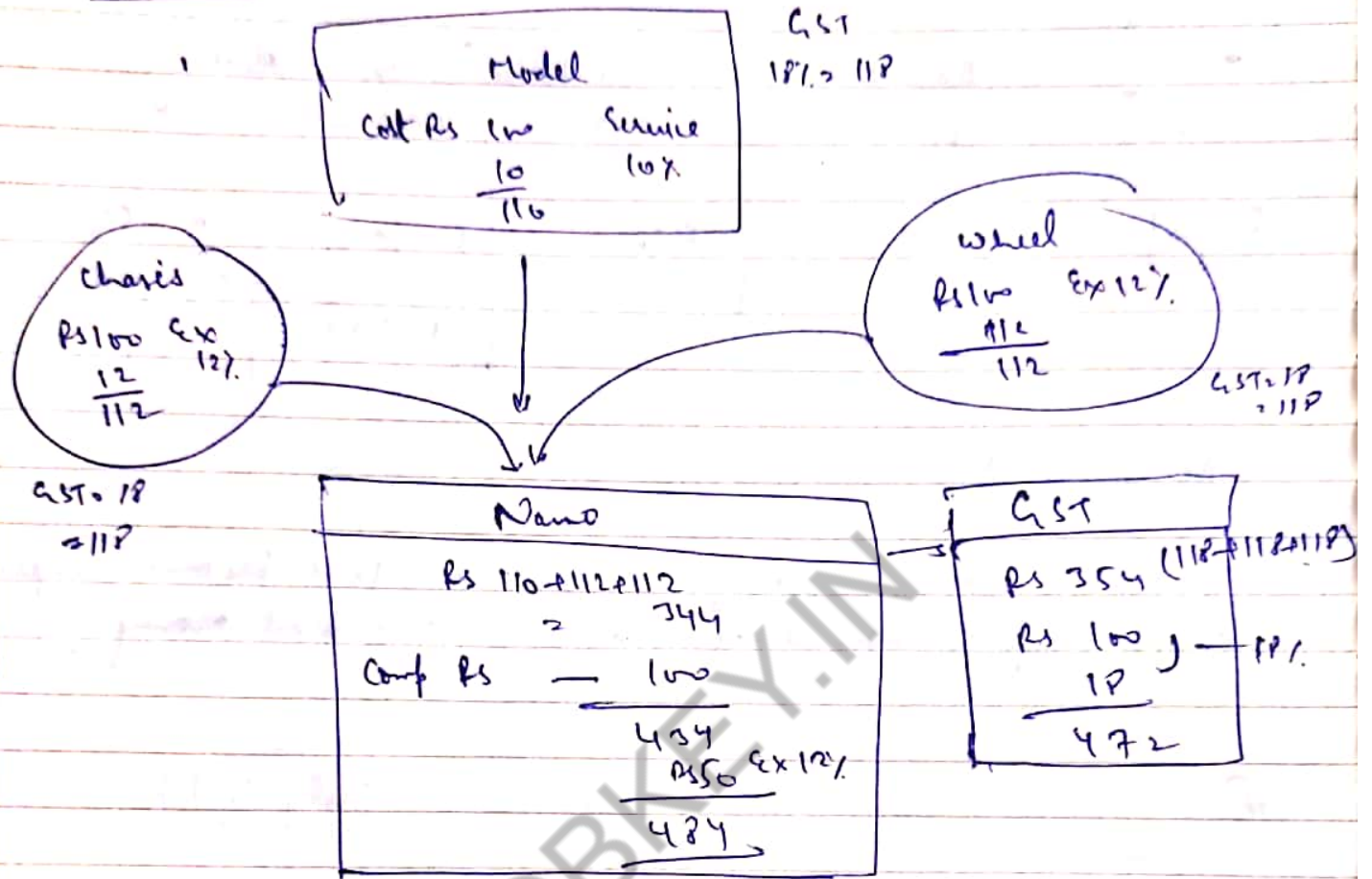
- Excise duty
- Service tax
- Surcharge, cess etc

- entertainment tax
- Toll tax, entry tax
- Sale Tax (state VAT)

→ Accept Custom duty

(14)

eg $\overset{18\%}{\text{GST}} = \text{EXCISE} + \text{Service}$



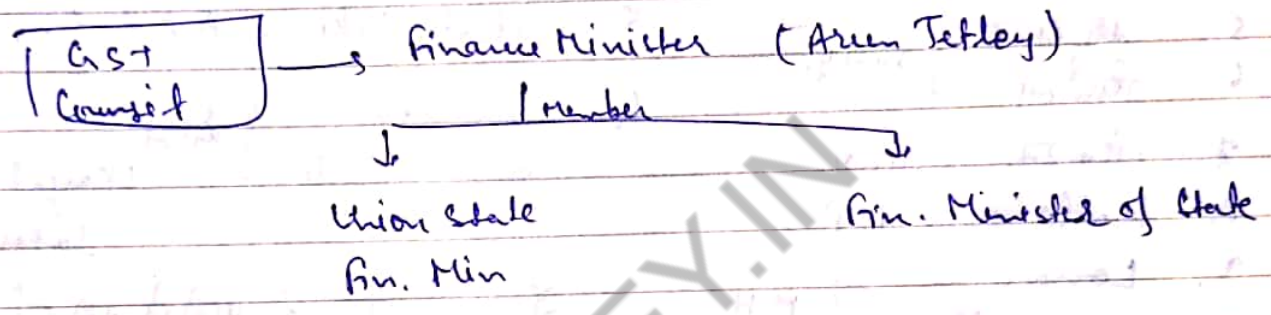
→ GST was recommended by Vijay Kelkar in 2003

- 122nd Constitutional amendment was related to GST.
- 101st Constitutional amendment is related to GST.
- Tamil Nadu is first state which adopted GST.
- GST was implemented from 1st July 2017
- GST is a destination based indirect tax on the consumption. not on manufacture
- Every issue related to GST will be resolved by GST Council.
- 1st July is celebrated as GST DAY.

GST Council

Constitutional

1. GST Council is a GST body Mention in Article 179(A)
2. GST Council is appointed by President of India.
3. Finance Minister is the chairman of GST Council.
4. Apart from the chairman, there is the ^{Council of} Union State finance Minister & Finance Minister of the State
5. $\frac{3}{4}$ vote ~~must~~ not ~~not~~ at least ~~at least~~ of 100.



Recent decision by GST Council

1. There are 4 tier tax structure
 - a. low rate - 5%
 - b. Standard Ist - 12%
 - c. Standard II - 18%
 - d. high rate - 28%
2. Tax on same good will be same all the state. that is way we call "ONE NATION ONE TAX".
3. Petroleum product & Tobacco is outside GST.

Approx - 1112 goods & 500 service

⇒ $IGST = CGST + SGST$

जब एक state का वस्तु दूसरे state में बिक्री होती है तो IGST

(16)

Eco

14th Finance Commission (Art 280)

- Finance Commission is a Constitutional body Mention in Art 280
- It is a Multibody institutional Comprises a Chairman in case 4 Member. (1+4).
- It is appointed by President of India
- Revenue Revenue distribution is the Main function of Finance Commission (राजस्व वितरण)
- Head of 1st Finance Commission was "K.C. Neogy"
 - 1st date - 1951 & working period (1952-57)
- Head of 14th Finance Commission is "Y.V. Reddy"
 - date 2014 & working period "1 April 2015 - 31 March 2020"
- Tax share increase from 32% → 42%. (Recondation)

Budget

- It is the estimated Revenue & expenditure of the govt (राजस्व & खर्च का गणना और ब्यय)
- The word "Budget" is derived from french word "Bougette" (राजस्व का ब्यय)
- The word Budget is not Mention in the Constitution, the word Mention in the Constitution is "Annual financial Statement" Art 202 & 212

Art. { 112 - Central govt
202 - State govt

17

- 1st Budget in India was presented by James Wilson on 7th April 1860.
- 1st Budget of independent India was presented by R.K. Saumukhan Chetty on 26th Nov 1947.

presentation of budget

1. From the yr 2017-18 budget is started to present in the 1st week of Feb.
2. From the yr 2017-18 Rail budget is Merge with the general budget.

1860 — 1924-25 ————— 2017-18 —→
Merge Separate Merge

- 3. Budget is prepared by "dept of economic affairs" Ministry of finance. (वित्त विभाग के अधिकारियों द्वारा तैयार किया जाता है)
(11:00 AM budget पेश होता है वरत 5:00 PM होता है)

Step of budget presentation

- Step 1. Presentation in front of legislative ^{संसद में प्रस्तुत}
- Step 2. General discussion on the budget
- Step 3. Voting on demands
- Step 4. Consideration & passing on appropriation bill
(वित्त विभाग के अधिकारियों द्वारा तैयार किया जाता है)
→ appropriation bill is related to "expenditure"
- Step 5. Consideration & passing on "finance bill"

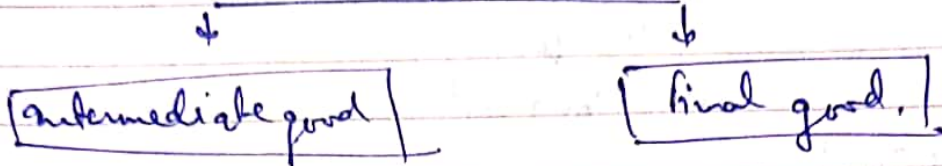
18) कौनसे विधेयक असबुजट पर लोकसभामें प्रस्तुत की जा सकती है? (सबुजट पर विधेयक बनता है)

- Finance bill is related to tax proposal
- It improve ^{Alteration} orderliness of tax rate, abulition of old taxes, introduction of new taxes
(कर में परिवर्तन, नए कर का प्रस्ताव, पुराने कर का निरस्त)

CCU

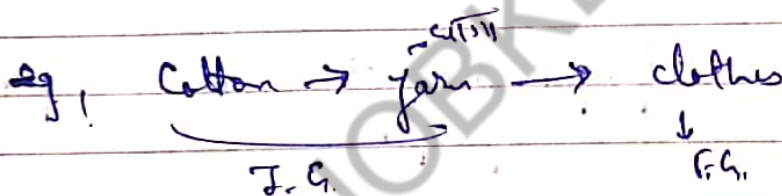
National Income

Types of goods.



- 1. If it passes through further stage of prodⁿ or transform.
- 2. If it is used in prodⁿ process & non-durable (455 455 455)
(1 y) 2 455 455)

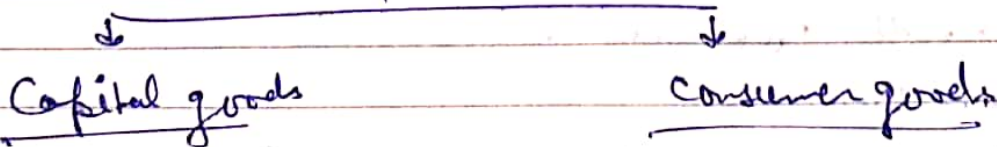
1. If it fails the condⁿ of intermediate good.



- 2. Tea leaves in hotel — J.G.
- 3. Tea leaves in house — F.G.

Hotel of Tea \rightarrow It's sale ...

Final good



→ It is used in prodⁿ process & durable
 eg. Building, M/c, Tools, etc

→ It is purchased by ultimate consumer
 eg. Tea leaves in house

20

⑧ Four factors of production

<u>Factor</u>	<u>Payment</u>
1. Land (It also includes raw material)	→ "Rent"
2. Labour	→ "Wages"
3. Capital (Building, M/C, Tool)	→ "Interest"
4. Entrepreneurship	→ profit

profit → Normal profit
profit → Super Normal profit.

Normal profit - The Minimum profit which is required to run the business is called Normal profit.

Super Normal profit - Profit more than Normal profit is called Super normal profit.

⑧ Factor Cost (उत्पाद लागत)

- Total value of input is called Cost.
- Input is generally 4 factor of prodn

eg - 1 Market, 10 Market units

Total Cost

1. Land + raw	=	50 Rs + 50 Rs
2. Labour	=	100 Rs
3. Capital	=	50 Rs
4. Normal profit	=	50
		<hr/>
		Rs = 200
		<hr/>
		10

Rs 200 / 10 = 20 Rs per market

(21)

=> Market price

price = cost + indirect tax

= 30 + 3

= Rs 33 = MRP of market.

(#) Gross Domestic product (GDP)
(अबत मूल उत्पाद)

- "Total Market value of final goods & services produced within the boundary of Country in yr is called GDP".

eg.

(1 April - 31 March)

farmer

Baker

↓

↓

wheat

Bread,

(golden)

(fancy)

farmer

Baker

50

Total prod ⁿ	Rs 100	Rs 200
Intermediate good	Rs 0	Rs 50
Value Added	Rs 100	Rs 200 - Rs 50 = 150

=> GDP = 100 + 150 = 250

Assume
Dese yr = 2011-12 = Rs 200

22

$$\text{GDP growth (\%)} = \frac{\text{GDP of current yr} - \text{GDP of Base yr}}{\text{GDP of base yr}} \times 100$$

$$= \frac{250 - 200}{200} \times 100 = 25\%$$

Data Sheet

1. GDP is calculated by "CSO" (Center Statistical office) (केन्द्रीय सांख्यिकी संस्थान)
2. Base yr of GDP calculation is 2011-12
3. Estimated GDP of the yr 2016-17 is 7.1% and 2017-18 is 7.5%.
4. Presently India is the fastest growing economy of the world.
5. USA is the largest economy of the world.

23

Economics

① NDP (Net Domestic product)
(नेट घरेलू उत्पाद)

→ Gross > Net

→ $\boxed{\text{Gross} - \text{Net} = \text{Depreciation}}$

↓ ↓ ↓
GDP GDP Depreciation

eg $\frac{Rs 500}{10\%} = Rs 50\% \text{ yr (Dep)}$

∴

$\boxed{NDP = GDP - \text{Depreciation}}$

eg $250 - 50 = Rs 200 \text{ A}$

fixed capital.
↓
Capital goods
eg Building, M/C, Tool
etc.

② GNP (Gross National product)
(राष्ट्रक उत्पाद)

→ Total prodⁿ of goods & services by the citizen of the country. (NRI included)
migrant

24

$$\boxed{GNP = GDP - NFIA}$$

↓
(net factor income from abroad)

$$\boxed{NFIA = \text{Income by Indian in foreign} - \text{Income by foreigner in India}}$$

$$NFIA = Rs 40 - Rs 50$$

= 10

$$\Rightarrow GNP = Rs 50 - 10$$

= Rs 40 ↓

⑧ NNP (Net national product)
(कुल राष्ट्रीय उत्पाद)

$$\boxed{NNP = GNP - \text{Depreciation}}$$

$$= 40 - 50$$

= Rs 190 ↓

⑨ Nation Income (राष्ट्रीय आय)

NNP at factor cost is known as NI.
(राष्ट्रीय आय)

$$\boxed{NI = (NNP)_{FC} = NNP - \text{Indirect Tax} + \text{Subsidy}}$$

Note → 1st Indian who represented the National Income was "गणतन्त्र-रहित".

→ 1868 → Book → Poverty & Un-British Rule in India

26 Per Capita Income (जीडीपी प्रति मनुष्य)

$$PCI = \frac{\text{National Income}}{\text{Total Population}}$$

2016-17 → (1 लाख 3 हजार 7 हजार) Per Capita Income

Reserve Bank of India (RBI)

→ RBI was established on 1st April 1935 on the recommendation of Hilton-Young Committee by the RBI act 1934.

- Head office → Mumbai
- 1st governor of RBI → Osborne Smith (उत्तराधिकारी)
- 1st Indian governor of RBI → C.D. Deshmukh → 1947
- 24th governor of RBI → श्री अशोक कुमार
- RBI comprises one governor and 4 deputy governors.
(1 gov + 4 deputy gov)

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- These are appointed by govt of India
- Maximum Tenure of governor & deputy governor is 5 yr. (कार्यकाल)
- Max age → 62 yr.

Function of RBI

1. RBI is an issuer of currency. (मुद्रा ही मुद्रा मुद्रा है)
or RBI print the currency on the basis of Minimum Reserve System 1957.
(न्यूनतम आरक्षक प्रणाली 1957)
↳ Rs 2 - Rs 2000 RBI printed (Note)
↳ Rs 1 Note & all coins → Finance Ministry.
↳ (Signs - बिना साक्षिण)
2. RBI is the Monetary Policy Authority.
(मौद्रिक नीति प्रशासक)
3. RBI is the Banker of govt.
4. Inflation Stabilization
5. RBI is lender of last resort.
(अन्तिम साधन की देनदार)
6. Exchange rate Stabilization (विनिमय दर स्थिरीकरण)

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(#) AIFI (All India Finance Institutions)

1. Exim Bank.
2. NABARD
3. NHB
4. SIDBI
5. MUDRA Bank

1. EXIM Bank (Export-Import Bank)

1. established yr \rightarrow 1982
2. Head office \rightarrow Mumbai
3. 100% share of govt of India
4. It provide fund for the Export & Import.

2. NABARD (Nation Bank for Agriculture & Rural development)

1. yr of establishment \rightarrow 1982
2. Head office - Mumbai
3. 99.7% share of govt of India + 0.3% share of RBI.
4. It regulate the RRB and Co-operative Bank.
5. It provide fund for the Rural & Agriculture development

3. NHB (National Housing Bank) (एनएचबी बैंक)

1. established yr - 1988
2. 100% share of RBI
3. Head office - New Delhi

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(13/12/11)

4. It works as Subsidiary of RBI.
5. It provide fund for housing loan.

4. SIDBI (Small industries development of India)

1. yr of establishment - 1990
2. Head office → Lucknow
3. It provide fund for the MSME
(Micro small and medium enterprises)

5. MUDRA Bank (2365 स्वयं विकास निकाय निकाय संस्था)

(Micro unit development & Refinancing Agency).

1. yr of establishment - 2015
2. 100% share of govt of India
3. Head office - New Delhi
4. It provide fund for MSME.
5. Scheme of Mudra Bank are -

- a. Shishu → 50 K (loan)
- b. Kishore → 50 K to 5 Lakh (loan)
- c. Tarun → (5 Lakh to 10 Lakh)

① Open economy (उपनिवेशवादी)

an economy which trade with the other economy of the world in goods, services & financial asset is called open economy.

* Balance of payment (BOP)
(उपनिवेशवादी)

→ It is a systematic records of economic transactions b/w a country and other country of world.

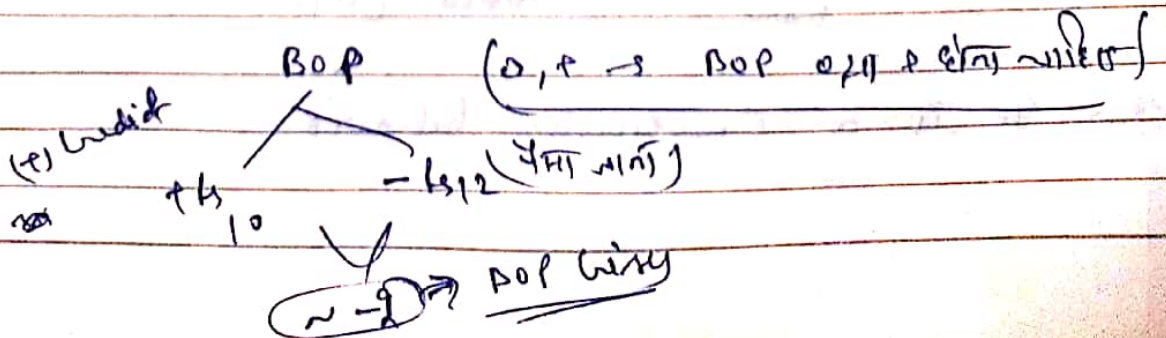
→ It is prepared by central bank of country, (RBI).

→ BOP Crises (BOP संकट)

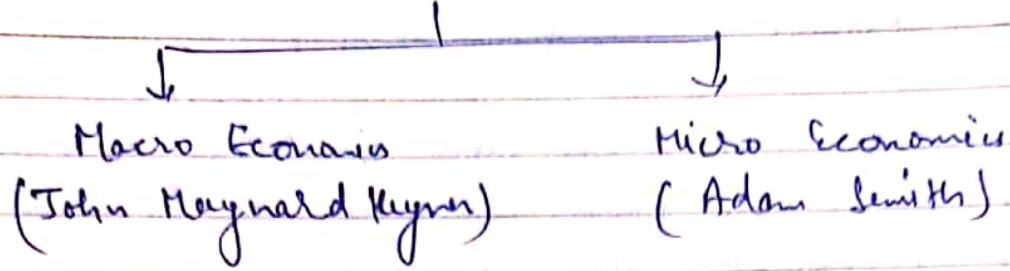
→ when the BOP is -ve then we called it "BOP Crises". (उपनिवेशवादी)

How to Control BOP Crises.

- By increase the Export
- By reducing the import through import substitution.



Economics (Adam Smith) ^{Father}



→ The word macro & micro eco found by Ragner Frisch

Macro Eco

→ Study of economics at large scale.
eg. GDP Calculation, inflation, unemployment etc.

#

Micro Eco

→ Study of economics at small scale.
eg. Price theory, production, distribution.

Demand (डिमांड)

→ Demand is a desire back by purchasing power capability. (डिमांड का मतलब है कि मुझे खरीदने की क्षमता है)

$$D = f(\text{price, Income, Taste, etc.})$$

↓ vary ↓ const. (say)

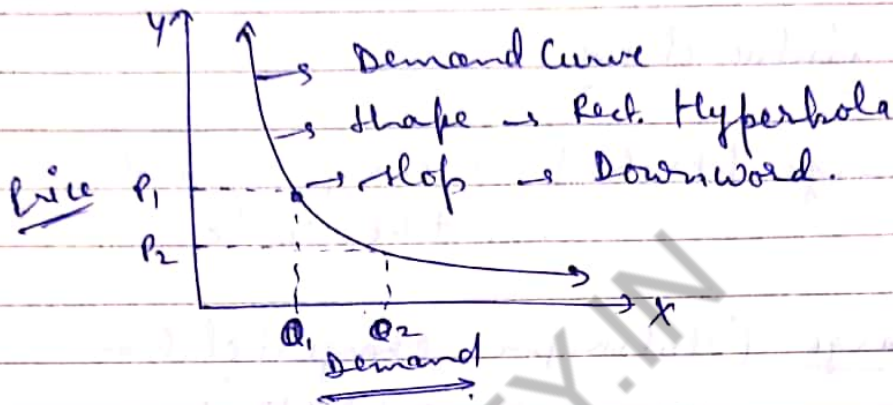
→ It is a consumer behavior.

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Law of Demand

1. demand is inversely proportional to price

$$D \propto \frac{1}{\text{Price}}$$



Exceptions of law of demand [उत्पत्ति]

1. Giffen goods (गिफन वस्तु)
2. Veblen goods (वेब्लेन वस्तु)

1. Giffen good ->

- > demand of goods increases with increase price.
- > Generally it has no substitute.
- eg. In 19th Century Irish Potato famine (उत्पत्ति वस्तु वस्तु)

2- Veblen good

- > demand of good increases with increase price
- eg. Prestige goods (उत्पत्ति वस्तु वस्तु)
- (diamond)