



UNIT – I
THE KHWAIRAMBAND MARKET

NOTES

- **A market** is a place where transaction or exchange of goods and services takes place.
- People who buy goods and services are known as **consumers**.
- A market operates through a natural process of **demand and supply**.
- **Bargaining** is a common feature in the market
- **Economics** deals with production, distribution and consumption of goods and services.
- Production of **goods and services** requires certain inputs i.e. factors of production - land, labour, capital and entrepreneurship.
- **Revenue** is the amount received from selling of goods and services.
- **Profit** is the amount by which revenue exceeds cost.
- **Rent, wages, interest, profit** are the payment incurred by land, labour, capital, entrepreneur respectively.
- **Entrepreneurs** bear all the risk of producing goods and services.
- **The chain of distribution** connects the producers and the consumers.
- A fair **distribution system** is needed for the welfare of the people.
- **An economy** is the system of producing, distributing and consuming goods and services i.e. the system in which people get their living.
- **Three basic economic problems:** what to produce, how to produce and for whom to produce?
- **Economic goods** are goods that have utility and scarcity. It has an opportunity cost. Free goods has no opportunity cost but abundant like air, water, sunshine, etc.
- **Opportunity cost** is refers to the value of what we have to give up in order to choose something else.
- **Price** is the amount of money that has to be paid to acquire a given product. It is determined by the demand for and supply of the commodity.
- **Subsidization** means the government providing some amount so as to lower the price a commodity.
- **Promotional investment** is giving free goods to customers with an aim of raising future sales.
