

More explanation on – Meaning of Economy

An economy is a system which provides people with goods and services and directly or indirectly satisfy their wants. Economic activities are those activities which are carried by human beings to satisfy their needs. These activities are mainly concerned with production of goods, exchange of goods and their consumption. In each of these activities service of different types of people is involved and each one gets monetary benefits or loss in conducting these economic activities. For example, in selling a product a businessman makes a profit or a loss, his salesman gets a salary. Activities which do not involve money are termed as non-economic activities. Non-economic activities could be social, political, religious, recreational activities.

Economy has been defined as, ‘Every individual in the community is occupied in the manufacturing of some goods or services and they require an amalgam of many goods and services not all of which are produced by them.’ Economy can be simply divided into three categories of Agriculture, Manufacturing and Services. A farmer grows cotton and sells it (Agriculture), a mill owner buys the cotton and produces cloth (Manufacturing) and finally a delivery van delivers the cotton cloth to the customer who wishes to buy it (Services).

