

# VIDYA BHAWAN BALIKA VIDYA PITH

शक्तिउत्थानआश्रमलखीसरायबिहार

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## Introduction Important Questions For Class 12

**1. Economics** It is a social science which studies the way a society chooses to use its scarce resources, which have alternate uses, to produce goods and services and to distribute them among different groups of people. It deals with making choices in the backdrop of scarcity.

**2. Definition of Economics** According to Paul A Samuelson 'Economics is the study of how men and society choose, with or without the use of money, to employ scarce productive resources which could have alternative uses, to produce various commodities over time and distribute them for consumption now and in the future amongst various people and groups of society.'

**3. Branches of Economics-** Economics has two branches namely microeconomics and macroeconomics. (i) **Microeconomics** It refers to the branch of economics, dealing with the economic problems or economic issues at the level of an individual. Microeconomics focuses on the action of individuals and industries, like the dynamics between buyers and sellers, borrowers and lenders, etc.

Examples of microeconomic study are:

(a) Theory of consumer behaviour

(b) Theory of price, etc

(ii) **Macroeconomics** It refers to the branch of economics dealing with the economic problems or economic issues at the level of an economy as a whole. Macroeconomics takes a broader view by analysing the economic activity of an entire country.

Examples of macroeconomic study are:

(a) Theory of equilibrium level of output and employment and

(b) Theory of investment multiplier, etc.

**4. Economy** An economy is a system in which and by which people get & living to satisfy their wants through the processes of production, consumption, exchange and investment.

## 5. Types of Economy

**(i) Market economy** In the market economy, economic activities are fully dependent on the role of market forces of demand and supply. Producers are free to produce the highly demanded goods and services in order to maximise their profits.

**(ii) Centrally planned economy** It is that economy, in which course of economic activities are decided by some central authority or by the government. Only the central authority decides the full variety of goods and services that people can produce or consume.

**(iii) Mixed economy** It is that economy in which the features of both market and centrally planned economy applies. In this, economic activities are generally left to the free play of the market forces, but the government exercises its control to check the excess fluctuations in the market.

## Previous Years Examination Questions

### 1 Mark Questions

**1. Define microeconomics. (All India 2012, 2009; Foreign 2011)**

or

**Give the meaning of microeconomics. (Delhi 2009, 2007)**

**Ans.** Microeconomics refers to the branch of economics dealing with the economic problems or economic issues of small or individual economic units, e.g. single consumer or produce.

**2. Give two examples of microeconomic studies. (All India 2012, 2009; Delhi 2009, 2007)**

**Ans.** The two examples of microeconomics are demand of a commodity and supply of a commodity.

**3. Give the meaning of economy. (Delhi 2012)**

or

**Define an economy. (All India 2011; Delhi 2010c)**

**Ans.** An economy is a system in which and by which people get a living to satisfy their wants through the processes of production, consumption, exchange and investment.

**4. Define macroeconomics. (All India 2011)**

**Ans.** Macroeconomics refers to the branch of economics, dealing with the economic problems or economic issues at the level of an economy as a whole, e.g. inflation, employment., etc.

**5.What is the planned economy? (Delhi 2011)**

**Ans.** Planned economy is that in which course of economic activities is decided by some central authority or by the government.

**6. What is a market economy? (Delhi 2011)**

**Ans.** Market economy is that in which economic activities are fully dependent on the role of market forces.

**7.Give one example each of microeconomics and macroeconomics. (Delhi 2009c)**

**Ans.** Example of microeconomics : Theory of demand

Example of macroeconomics : Aggregate demand

**3 Marks Questions**

**8.Explain the difference between a planned economy and a market economy (Delhi 2010C)**

**Ans.** Difference between planned economy and market economy

<b>Basis</b>	<b>Microeconomics</b>	<b>Macroeconomics</b>
<b>Meaning</b>	It studies economic issues and problems at the level of an individual firm, an individual household, etc.	It studies economic issues and problems at the level of the economy as a whole.
<b>Concern</b>	It is basically concerned with determination of output and price for an individual firm or industry.	It is basically concerned with determination of aggregate output and general price level in the economy as a whole.
<b>Focus</b>	Its focus is on maximisation of individual's gain.	Its focus is on maximisation of social welfare.
<b>Scope</b>	It has narrow scope i.e. an individual person, an individual market, etc.	It has a very wide scope i.e. a country.

**4 Marks Questions**

**9. Distinguish between microeconomics and macroeconomics (All India 2010)**

**Ans.** Difference between microeconomics and macroeconomics

<b>Basis</b>	<b>Microeconomics</b>	<b>Macroeconomics</b>
<b>Meaning</b>	It studies economic issues and problems at the level of an individual firm, an individual household, etc.	It studies economic issues and problems at the level of the economy as a whole.
<b>Concern</b>	It is basically concerned with determination of output and price for an individual firm or industry.	It is basically concerned with determination of aggregate output and general price level in the economy as a whole.
<b>Focus</b>	Its focus is on maximisation of individual's gain.	Its focus is on maximisation of social welfare.
<b>Scope</b>	It has narrow scope i.e. an individual person, an individual market, etc.	It has a very wide scope i.e. a country.

**10. Giving suitable examples, explain the meaning of microeconomics and macroeconomics? (Foreign 2010)**

**Ans.** Microeconomics refers to the branch of economics dealing with the economic problems or economic issues of small or individual economic units, e.g. single consumer or producer.

**11. Explain any two main features of a centrally planned economy. (Delhi 2010)**

**Ans.** Two main features of a centrally planned economy are as follows:

(i) In this economy, decisions relating to economic problems are taken by some central authority appointed by the government of the country.

(ii) Social welfare or collective welfare is the prime consideration behind allocation of resources to the production of different goods and services.

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