

VIDYA BHAWAN BALIKA VIDYA PITH

शक्तिउत्थानआश्रमलखीसरायबिहार

Class 12 commerce Sub. ECO/A Date 26.12.2020

Teacher name – Ajay Kumar Sharma

Revised Notes

Q15. Normative economics states

- a) Central problems of an economy
- b) What is
- c) What ought to be
- d) What was

Ans. (c)

SHORT ANSWER QUESTIONS (3/4 Marks)

Q16. Distinguish between micro economics and macroeconomics.

Ans.

S. N	Micro Economics	Macro Economics
1	It studies individual economic unit	It studies aggregate economic unit
2	It deals with determination of price and output in individual markets	It deals with determination of general price level and output in the whole economy
3	Main central problems are price determination and resource allocation	Here central problem is determination of income level and tackling unemployment in the economy
4	Microeconomics takes a bottoms-up approach to analyzing the economy	Macroeconomics takes a top-down approach

Q17. What is entrepreneurship?

Ans. The capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit. The most obvious example of entrepreneurship is the starting of new businesses.

Q18. Define great depression

Ans. Economic historians usually attribute the start of the Great Depression to the sudden devastating collapse of U.S. stock market prices on October 29, 1929, known as Black Tuesday. However, some dispute this conclusion and see the stock crash as a symptom, rather than a cause, of the Great Depression.

Q19. What are the features of capitalist economy?

Ans. According to Karl Marx, in his 'Das Kapital', the capitalist on an average takes twelve hours work from the worker and pays him wages equal to six hours work. According to Ferguson, "Capitalism is a free-market form or capitalistic economy may be characterised as an automatic self-regulating system motivated by self-interest of individuals and regulated by competitions."

The main features are:

- (i) Private Property**
- (ii) Price Mechanism**
- (iii) Freedom of Enterprise**
- (iv) Sovereignty of that consumer**
- (v) Profit Motive**
- (vi) No Government Interference**
- (vii) Democratic**
- (viii) Self-Interest**

Q20. What are economic agents?

Ans. By economic units or economic agents, we mean those individuals or institutions which take economic decisions. They can be consumers who decide what and how much to consume. They may be producers of goods and services who decide what and how much to produce. They may be entities like the government, corporation, banks which also take different economic decisions like how much to spend, what interest rate to charge on the credits, how much to tax, etc.