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Q24. Explain the scope of Macroeconomics.

Ans. Following are the scope of Macroeconomics:- (1) To Understand the Working of the Economy: The study of macroeconomic variables is indispensable for understanding the working of the economy. Our main economic problems are related to the behaviour of total income, output, employment and the general price level in the economy. (2) In Economic Policies: Macroeconomics is extremely useful from the point of view of economic policy. Modern governments, especially of the underdeveloped economies, are confronted with innumerable national problems. They are the problems of overpopulation, inflation, balance of payments, general underproduction, etc.

(3) In General Unemployment: Unemployment is thus caused by deficiency of effective demand. In order to eliminate it, effective demand should be raised by increasing total investment, total output, total income and total consumption. Thus, macroeconomics has special significance in studying the causes, effects and remedies of general unemployment.

(4) In National Income: The study of macroeconomics is very important for evaluating the overall performance of the economy in terms of national income. With the advent of the Great Depression of the 1930s, it became necessary to analyse the causes of general overproduction and general unemployment.

(5) In Economic Growth: The economics of growth is also a study in macroeconomics. It is on the basis of macroeconomics that the resources and capabilities of an economy are evaluated. Plans for the overall increase in national income, output, and employment are framed and implemented so as to raise the level of economic development of the economy as a whole.

Q25. What are the different types of goods produced in an economy?

Ans. Here is the following list of different types of goods:-

1. Normal goods - the quantity demanded of such commodities increases as the consumer's income increases and decreases as the consumer's income decreases. Such goods are called normal goods.

2. Free Goods and Economic goods - the goods which have unlimited supply and are provided as free gift of nature. These goods are known as 'Free Goods'. For example, air, sea, water,

sunlight, sand in the desert etc. On the other hand, goods like vegetables, grains, minerals, fruits, fishes etc. which are neither man-made nor unlimited supply of nature are known as 'Economic Goods' All these goods are sold and purchased in the market only.

3. Substitute goods- goods that can be consumed or used in place of one another is called substitute goods. Also increase in price for one kind of good will result in an increase in demand for its substitute goods, and a decrease in price will result in a decrease in demand for its substitutes.

4. Private Goods and Public Goods - all the goods which are owned by private bodies are called private goods. For example, a car, a house, a motorbike, a mobile phone, books, a television set etc. are the private goods. There are large number of goods which are collectively owned by the society, the public or the government. These are called public or government goods. For example, roads, bridges, hospitals, government schools etc. are the public goods or the social goods or the government goods.

5. Consumer Goods and Capital Goods - the goods which are directly used by the consumer for the purposes of consumption are known as 'Consumer Goods' The example of consumer goods are bread, biscuit, butter, jam, rice, fish, egg, shoes, shirts, fan, book, pen, cooking gas etc. On the other hand, all the goods which are not directly used to satisfy consumption but which are used in further production are called 'Producer Goods' or 'Capital Goods'. The examples are seeds, fertilizers, tools, machines, raw materials etc.