

NEW HORIZON ENGLISH MEDIUM SCHOOL, RAIGARH(C.G)

CLASS- XII

WORKSHEET 2022-23

SUBJECT – ECONOMICS

Microeconomics And Macroeconomics

Microeconomics

Microeconomics studies the behaviour of individual economic units of an economy, like households, firms, individual consumers and producers etc.

Its main instruments are demand and supply. It is also called 'Price Theory'.

Macroeconomics

Macroeconomics is that part of economic theory which studies the economy as a whole, such as national income, aggregate employment, general price level, aggregate consumption, aggregate investment, etc.

Its main instruments are aggregate demand and aggregate supply. It is also called the 'Income Theory' or 'Employment Theory'.

1. Economy: Economy is a system which provides people with the means to work and earn a living.

2. Economics: Economics is about studying economic problems arising due to limited means (having alternative uses) in relation to unlimited wants.

3. Economic problem: Economic problem is a problem of choice involving satisfaction of unlimited wants out of limited resources having alternative uses.

4. Scarcity: Scarcity in economics is short supply in relation to the demand. Resources of the economy are scarce with the result that the economy can't produce all that the society needs.

5. Opportunity cost: Opportunity Cost of any commodity is the amount of other good which has been given up in order to produce that commodity. Alternatively opportunity cost of a given activity is the value of the next best activity.

6. Marginal opportunity: It is an addition to a cost in terms of a number of units of a commodity sacrificed to produce one additional unit of another commodity.

7. Resources : service or asset which is used to produce goods and services that meet human needs and wants are called resources.

8. Goods: All physical and tangible things which are used to satisfy people's want, provide utility and have an economic value.

9. Household : All persons living under one roof having either direct access to the outside or a separate cooking facility. Where member of a household is related by blood or law, they constitute a family.

10. Firms : Firm is an organisation that employ productive resources to obtain products and/or services which are offered in the market with the aim of making a profit.

11. Production : Production is a process through which inputs are transformed into output(i.e. in order to make something for consumption).

Properties or Characteristics of Production Possibility Curve

PPC is downward sloping: The downward slope of PPC means that if the country wants to produce more of one good, it has to produce less quantity of the other goods.

PPC is concave to the point of origin: Concave shape of PPC implies that slope of PPC increases. Slope of PPC is defined as the quantity of good Y given up in exchange for additional unit of good X.

$$[\text{Slope of Production Possibility Curve}] = \frac{\Delta Y}{\Delta X} = \frac{\text{Amount of Good Y lost}}{\text{Amount of Good X gained}}$$

[Slope of PPC] = Marginal Rate of Transformation (MRT) = Marginal Opportunity Cost (MOC)

Answer the following questions.

1. Write the different between the Micro and Macro economics.
2. Explain the production possibility curve with the help of an example.
3. What do you mean by Marginal opportunity cost?
4. What do you mean by Economy?
5. Write the causes of rise of economics problem.
6. Discuss the central problem of economy.
7. Explain various economic activities.
8. What do you mean by Micro Economics?