

BAL BHARATI PUBLIC SCHOOL, PITAMPURA

SUBJECT:- ECONOMICS

CLASS :XI, STATISTICS FOR ECONOMICS

CHAPTER- 1, INTRODUCTION

General Instructions:

Dear Students

- Refer to the content shared below.
- These notes will help you to understand the concept of the lesson.
- Do the assignment questions in the economics register.
- Watch the youtube link below for enhanced understanding of the topic:
https://youtu.be/g8S_E_5l_uQ

Basic concepts:

- 1) **Consumer** – A person who purchases goods and services for personal use.
- 2) **Producer** – A person who produces goods. Example: Manufacturer.
- 3) **Seller** – A person who sells goods/services to make a profit. Example:
Shopkeeper
- 4) **Saving** – A part of the income which is not consumed.
- 5) **Investment** – An investment is the purchase of goods that are not consumed today but are used in the future to create wealth.
- 6) **Service Holder** – A person who is in job to earn wages or salary.
- 7) **Service Provider** – A person who provides services for a payment.

Definition Of Economics:

- Alfred Marshall a great propounder of Modern Economics defines economics as “the study of mankind in the ordinary business of life.” Economics is a study of mankind in the ordinary business of life. Individual and social life actions which are closely connected with the use of the

material requirement. Any activity undertaken for monetary purpose is termed by economists as ordinary business of life.

- Scarcity definition given by Lionel Robbins :- Economics is a science that studies human behaviour as a relationship between ends and scarce means which have the alternative uses.

Economic Problems

Economic Problems are the problems of choice, or of allocating scarce resources to other uses due to scarcity of resources. These resources have alternative uses, which is why the problem of choice arises.

- **Why Economic Problem Arise ?**

Scarcity is the root cause of all economic problems. **Scarcity means shortage of goods and resources in relation to their demand.** It refers to a situation when resources are not enough to satisfy all the wants of its people.

Human wants are unlimited, but the resources to satisfy those wants are limited and these resources have alternative uses. Resource Scarcity gives rise to the problem of choice among consumer and they make rational choice to satisfy their demand.

There would have been no economic problem , if resources were not scarce.

Factors Of Production

There are four factors of production: 1. Land: Part of the income goes to the owner of land in the form of rent 2. Labour: Part of the income goes to the labourers for their services in the form of wages 3. Capital: Part of the income goes to the owner of capital in the form of interest 4.

Entrepreneur: Part of the income goes to entrepreneurs in the form of profits

Conclusion: Economics is the study of how people and society choose to employ scarce resources that could have alternative uses in order to produce various commodities that satisfy their wants and to distribute them for consumption among various persons and groups in society.

Economics is often discussed in three parts: consumption, production and distribution.

- 1. Consumption:** We want to know how the consumer decides, given his income and many alternative goods to choose from, what to buy when he knows the prices. This is the study of Consumption. Purchase of goods by consumers to satisfy their various needs is Consumption.
- 2. Production** We also want to know how the producer, similarly, chooses what and how to produce for the market. This is the study of Production. Manufacture of goods by producers for the market is Production.
- 3. Distribution** Finally, we want to know how the national income or the total income arising from what has been produced in the country (called the Gross Domestic Product or GDP) is distributed through wages (and salaries), profits and interest . This is the study of Distribution: Division of the national income into wages, profits, rents and interests is Distribution.

Types of Activities:

1. Economic Activities

- Production
- Consumption
- Investment
- Exchange
- Distribution

2. Non-Economics Activities

- Social

- b. Religious
- c. Political
- d. Charitable
- e. Parental

Economic activities are those activities which are related to earn money and wealth for life. These activities generate new income and increase the flow of goods and services. For example production, consumption, investment, distribution.

Non-economic activities are those activities which are not related to earn money and wealth. These activities neither generate income nor increase the flow of goods & services. For example, a teacher teaching his own son.

ASSIGNMENT

Q1 Fill in the blanks with correct words.

- 1) Our wants are ___ but the resources used in the production of goods that satisfy our wants are limited and scarce.
- 2) _____ is the root of all economic problems.
- 3) Had there been no scarcity there would have been no _____.
- 4) The resources which the producers have are _____ and also have _____ uses.

Q2 Match the Columns

- | | |
|--|------------------|
| (i) Purchase of goods by consumers to satisfy their various needs . | (A) Distribution |
| (ii) Manufacture of goods by producers for the market | (B) Production |
| (iii) Division of the national income into wages, profits, rents and interests | (C) Consumption |

Q3 Choose the correct alternative :

We want to know how the national income or the total income arising from what has been produced in the country (called the Gross Domestic Product or GDP) is distributed through wages (and salaries), profits and interest. This is the study of

- (a) Consumption
- (b) Production
- (c) Investment
- (d) Distribution

Q4 The most fundamental economic problem is:

- (a) health
- (b) Security
- (c) scarcity
- (d) export and import

Q5 Today's activities of my friend Arul who is a singer, given below:

- i. In the morning, He perform stage show for singing and get 10000 as a fee.
- ii. In the evening he celebrate his 4 years daughter's birthday at home and he sang a song for her.

From the above information, state which of the following statements is true.

- (a) Activity (i) is an economic activity and (ii) is a non-economic activity
- (b) Activity (i) is a non-economic activity and (ii) is an economic activity
- (c) Both (i) and (ii) are economic activities.
- (d) Both (i) and (ii) are non-economic activities.

Q6 Which is not considered as an economic activity?

- (a) Banking
- (b) Sujata helping her mother in the kitchen
- (c) Business
- (d) Agriculture

Q7 "Scarcity is the root cause of all economic problems". Comment

Q8 Discuss the meaning of economics.