

Economics & its Types

1 Mark Questions

1. Define microeconomics. (Ail 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. (AN 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

Basis	Microeconomics	Macroeconomics
Meaning	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.
Concern	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.
Focus	Its focus is on maximisation of individual's gain.	Its focus is on maximisation of social welfare.
Scope	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

Basis	Microeconomics	Macroeconomics
Meaning	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.
Concern	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.
Focus	Its focus is on maximisation of individual's gain.	Its focus is on maximisation of social welfare.
Scope	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.