Visit QB365-SLMS - https://www.qb365.in/slms/ Complete Questions and Answers

Answers Key:

IV ANSWER THE FOLLOWING QUESTION

1.

Wealth	Welfare	Scarcity	Growth
Adam Smith classical era.	Alfred Marshall- neo classical era.	Lionel Robbins new age.	Paul Samuelson modern age.
An Inquiry into nature and causes of Wealth of Nations (1776).	Principles of Economics - (1890)	An Essay on the nature and Significance of Economic Science (1932).	Economics studies how men and society choose with or without the use of money, to employ scarce productive resources which could have alternative uses, to produce various commodities over time and distribute them for consumption now and in the future among various people and groups of society.
Economics is the science of wealth.	Economics is a study of mankind in the ordinary business of life, it examines that part of individual and social action which is most closely connected with the attainment and with the use of material requisites of well being. It studies wealth and man.	Economics is a science which studies human behaviour as a relationship between ends and scarce means which have alternative uses.	Economics deals with how the society uses the limited resources for alternative uses.
Deals with only the goods which are scarce and have money value	wealth and welfare of man is important.	Human behaviour regarding choice is important.	It covers production, distribution and consumption.
Deals with consumption, production, exchange, distribution of wealth.	Only material welfare is considered, differentiates between material and immaterial things.	Economic problem arises because of scarcity of resources.	Economics is a social science.
	By introducing welfare, economics becomes inexact.	Ethical aspects are not considered so Economics is exact	
	Welfare definition makes Economics classificatory.	Economics is a positive science.	
		Economics is a science of individual behaviour.	

QB TM 365 Study Material
QUESTION BANK 365

		Both material and immaterial activities are considered.	

2. **Steps of Deductive method:**
   (i) Have a clear idea of the problem to be inquired.
   (ii) Define the technical terms used. Assumptions should be precise.
   (iii) Deduce hypotheses from the assumptions.
   (iv) Verify hypotheses through direct observation of events and statistical methods.
   Steps of Inductive method:
   (i) The collected data must be systematically arranged
   (ii) Based on the data, conclusions are drawn
   (iii) Generalization of the hypothesis.
   (iv) Verification of the hypothesis.

III ANSWER THE FOLLOWING QUESTIONS

3. (i) Intangible things are not physical objects but exist in connection to other things (eg) goodwill.
   (ii) Heterogeneous services vary. A single service gives different experiences (eg) music.
   (iii) Inseparable from their makers: Labour and labourer are inseparable.
   (iv) Perishable so they cannot be stored in inventories
4. (i) Psychological - it depends on consumer's mental attitude
   (ii) Not equal to usefulness.
   (iii) Is personal and relative.
   (iv) Is the function of the intensity of human wants.
   (v) Cannot be measured objectively; has no ethical significance.
5.

S.No	Micro Economics	Macro Economics
1	Micro Economics is that branch of economics which deals with the economic decision-making of individual economic agents such as the producer, the consumer etc.	Macro Economics is that branch of economics which deals with aggregates and averages of the entire economy. E.g., aggregate output, national income, aggregate savings and investment, etc.
2	It takes into account small components of the whole economy.	It takes into consideration the economy of the country as a whole.
3	It deals with the process of price determination in case of individual products and factors of production.	It deals with general price-level in any economy
4	It is known as price theory	It is also known as the income theory.
5	It is concerned with the optimization goals of individual consumers and producers	It is concerned with the optimization of the growth process of the entire economy.

QB TM 365 Study Material
QUESTION BANK 365

II ANSWER THE FOLLOWING QUESTIONS

6. (i) Economics means management of households.
   (ii) It comes from the Greek word oikonomikos.
7. (i) Goods are tangible, (eg) car but services are intangible (eg) goodwill.
   (ii) Goods can be stored but services cannot be stored.
8. (i) Form utility
   (ii) Time utility
   (iii) Place utility
   (iv) Service utility
   (v) Possession utility
   (vi) Knowledge utility

I CHOOSE THE CORRECT ANSWER

9. (b) Adam Smith
10. (b) Want - satisfying capacity of goods and services
11. (a) Goods
12. (b) Inductive method
13. (a) Price