

1. What meant by need ?

Answer :

- Needs are fulfilled through proper use of various goods and services.

2. What were the different types of needs ?

Answer :

- **Basic need and gratifying needs** are the two types of needs.
- The essential needs for the survival of life such as food, clothing and shelter can be called **basic needs**
- There are certain needs that make our life more comfortable and happy. These are called **gratifying needs**
- luxury cars, expensive jewellery and costly dresses are the examples of the gratifying needs

3. What are the characteristic of needs ?

Answer :

- human needs are diverse and innumerable
- some needs can be met alone and others through collective efforts
- a need once fulfilled may be repeated
- needs vary with time, place and individuals
- with human progress, needs also change
- Demands multiply along with progress. But resources may not increase in proportion to demands.

4. What are three basic economic problems that a country faces in relation to the production process of goods and services ?

Answer :

- **What to produce?**

- each country has to prioritise what to produce using the available resources
- Once it is decided what to produce, the question as how much to produce becomes relevant.
- A country facing food shortage will have to devote a greater share of its available resources to food production
- **How to produce?**
 - There is two type of production method that is Labour Intensive Technique and Capital Intensive Technique.
 - The method of production using more labour and less capital is called 'Labour Intensive Technique.'
 - The method of producton using more capital and less labour is called 'Capital Intensive Technique.'

(What were the characteristics of labour intensive technique and capital intensive technique)

Characteristics of Labour Intensive Technique

- ❖ Production involving more labourers
- ❖ Low level of capital utilisation
- ❖ A production method that requires more time
- ❖ Eco-friendly production method
- ❖ Limited use of technology

Characteristics of Capital Intensive Technique

- ❖ Less demand for labourers
- ❖ Utilises more capital investment
- ❖ Ensures productivity
- ❖ Depends more on technology
- ❖ Less time for production

- **For whom to produce?**
 - Production should be done to meet the needs of the people

- Production activities should be planned in such a way that available resources are utilised to benefit everyone in the society
- Produced products are distributed by (Ration Shop) Public distribution system(PDS)

5. What are the factors of production?

Answer:

- Goods and services are produced through the combined action of factors of production such as land, labour, capital and organisation
- The value of the goods produced has to be distributed on the basis of the factors of production according to their share.
- Product value must be distributed as rent to land, wages to labour, interest to capital, and profit to organisation.

6. What is economy? OR Define economy ?

Answer :

- An economy is the way a country organises the production, distribution and consumption of various goods and services.
- The function of every economy is to satisfy human needs through the use of the available resources.

7. Write any four characteristics of the economy ?

Answer :

- Economy is man-made
- Economy is subject to change
- Economic activities in the economy keep changing
- Production, distribution and consumption are the main activities in the economy

8. What are the three different types of economies and explain each ?

Answer :

- Capitalist Economy , Socialist Economy and Mixed Economy.

Capitalist Economy

- It is an economy in which ownership of the factors of production is concentrated in individuals
- All persons have the right to own property
- Maximum profit
- Limited government intervention
- Competition among industries

Socialist Economy

- A socialist economy is one in which the government owns and controls all the factors of production.
- Ownership of the factors of production is vested in the government
- Social welfare is the main objective
- Government's control over the market

Mixed Economy

- A mixed economy is one that combines some features of a capitalist economy and a socialist economy.
- **India has adopted a mixed economy after independence.**
- Coexistence of private and public sector
- Profitability and social welfare become the main objectives
- Individual freedom in economic activities
- Government regulation of commodity prices in certain sectors

9. Explain the development of economics and who made important contributions to it?

Answer :

- In earlier times economics was known as the science of wealth. Adam Smith, who is known as the Father of Economics, was the main proponent of this.
- Alfred Marshall formulated economics as the science that deals with welfare.
- Lionel Robbins envisioned economics as the branch that deals with the relationship between human wants and limited resources.

David Ricardo

- British economist David Ricardo came up with the theory that trade between two countries can increase the welfare of both countries.
- His 'Theory of Rent' regarding the lease of land is very famous.

Karl Marx

- German economist and philosopher Karl Marx developed the 'Theory of Surplus Value.'
- According to Marx, the basis of production is the labour of the workers.
- But only a small portion of this is given to the labourer and the majority is kept by the capitalist.

J. M. Keynes

- J. M. Keynes is an economist who argued for the theory of government intervention in the economic sector.
- He opined that economic problems can be solved to some extent through government intervention.

J. A. Schumpeter

- J. A. Schumpeter developed the concept of 'Creative Destruction.' Industries and technologies create new opportunities and growth through innovation.
- But he also opined that existing industries and technologies are disrupted or destroyed by innovation

10. "Indian Economists have given great contribution to the development of economics"
Validate the statement.

Answer :

- Chanakya in ancient India, who devised an efficient tax system for the country's economic development.
- Dadabhai Naoroji, the originator of 'The Drain Theory,' are prominent among them.
- Mahatma Gandhi, Father of our Nation, describes the economic visions in his books *Hind Swaraj* and *India of My Dreams*.
- Amartya Kumar Sen is the first Indian economist to win the Nobel Prize in Economics. He was awarded the Nobel Prize in 1998 for his outstanding contributions to Welfare Economics.

- Indian-American economist Abhijit Vinayak Banerjee was awarded the 2019 Nobel Prize in Economics for devising an experimental approach to global **poverty eradication**. He shared the Nobel Prize with Esther Duflo and Michael Kremer.

11. What were the Gandhiji's Economic Thoughts ?

Answer :

- Gandhiji envisioned an economy based on self-sufficiency and decentralisation
- Rural industries need to be nurtured to increase employment opportunities locally.
- Expand local markets for marketing locally produced goods.
- Economic inequality should be alleviated to ensure social justice.

12. Write down Amartya Kumar Sen's thoughts on Welfare Economics.

Answer :

- Emphasis should be placed on education, health care and social justice to achieve economic progress.
- Gender equality and women empowerment are essential for the progress of the country.
- Economic development should be evaluated on the basis of its influence on human rights and freedoms.

13. Names of some economists of India and their thoughts are given below

- Chanakya – Efficient tax system
- Mahathma Gandhi – Self sufficiency decentralisation
- Dadabhai naoroji – Drain Theory
- Amartya Kumar Sen - Welfare Economics
- Abhijit Vinayak Banerjee - poverty eradication