CHAPTER - 6
PRICE AND MARKET

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1. Describe the difference between human needs and wants with examples.

- **Needs:** Requirements that are essential for human survival are called basic needs or primary needs. (e.g., Food, air, water, clothing, shelter).
- **Wants:** Things we desire to make life more pleasant, even though they are not essential for survival, are called wants. (e.g., Vehicle, luxury items).
- While needs are limited, human wants are excessive and diverse.

2. What is production? Explain inputs and outputs in the production process.

- Production is the technical process of transforming inputs into outputs.
- Factors used for production (land, labor, machines, raw materials) are called **inputs**.
- The commodity manufactured using these inputs is called the **product (output)**.
- For example, wood, labor, and machinery are inputs, and the chair manufactured using them is the product.

3. What is a production function? Analyze its equation.

- The production function is the technical relationship between the inputs used for production and the outputs obtained during a specific period.
- It can be expressed as: **Q = f(N, L, K, O)**
- Q = Quantity of product, N = Land, L = Labor, K = Capital ,O = Organization

4. Compare fixed inputs and variable inputs.

- **Fixed Inputs:** Inputs whose quantity cannot be changed in the short run when the volume of production changes are called fixed inputs. (e.g., Land, Organization).
- **Variable Inputs:** Inputs that can be changed according to the increase in the volume of production are called variable inputs. (e.g., Laborers, raw materials).

5. What are the features of land as a factor of production?

- Land is a free gift of nature.
- Its supply is limited.

- The productivity of land varies from place to place.
- The reward given for land in the production process is called **'Rent'**.

6. Explain the relationship between the laborer and labor.

- Labor is the physical and mental effort of humans used for production.
- The laborer cannot be separated from labor.
- Labor is perishable (if not used, that day's labor is lost forever).
- The reward paid for this is **'Wages'.**

7. What is the importance of capital as a factor of production?

- Capital consists of man-made instruments used for production.
- This includes machinery, tools, buildings, and money.
- Capital helps to increase productivity.
- The reward paid for this is **'Interest'**.

8. What are the duties of an organizer in the production process?

- The main function of an organizer is to efficiently coordinate the factors of production: land, labor, and capital.
- The organizer is the one who bears the risks in production and takes profitable decisions.
- The reward received for organizing is **'Profit'**.

9. What is consumption? Define a consumer.

- Consumption is the act of purchasing and using goods and services to satisfy human needs.
- A consumer is an individual who purchases goods from the market by paying money or through an agreement to pay money, and uses them for personal needs.

10. Which four factors influence consumption patterns?

- Income, individual tastes and interests, price levels of goods, advertisements, and social background. Additionally, climate and availability of resources also influence consumption.

11. Describe the relevance of the concept of sustainable consumption.

- Sustainable consumption is the use of goods and services while reducing environmental impact.

  Objectives:

- Reduce environmental impacts through the effective use of resources.
- Maximize the potential for the regeneration of resources.
- Ensure all necessary goods reach the maximum number of people through production and reuse of products.
- Ensure maximum energy conservation.
- Ensure a safe workplace and security for workers.

12. What is sustainable production? How can it be achieved?

- This is a method of manufacturing goods without over-exploiting natural resources and by reducing environmental pollution.
- Sustainable production can be achieved through efficient use of resources, energy conservation, waste management, and eco-friendly technology.

13. **How has the United Nations defined sustainable development?**

- Sustainable development is development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs.
- Economic growth, social justice, and environmental protection are its pillars.

14. Write the Sustainable Development Goals (SDGs) proposed by the United Nations.

- Poverty eradication
- Zero hunger
- Quality education
- Gender equality
- Clean water
- Responsible consumption

- Climate action

15. How does the market connect producers and consumers?

- A market is a system where producers meet to sell products and consumers meet to buy them.
- Producers bring goods and services to the market.
- Consumers pay the price for the products.
- This money becomes income for the producers.
- From this income, producers pay wages to the consumers (laborers).
- In this way, money, labor, and goods are constantly exchanged between them.

16. "Earth provides enough to satisfy every man's needs, but not every man's greed" - Analyze these words of Gandhiji.

- These lines remind us that resources are limited and exploiting them with greed will lead to the destruction of nature.
- It highlights the importance of following a sustainable lifestyle and using resources moderately.

17. How do economic resources control wants?

- Although human wants are infinite, the income or economic resources to fulfill them are limited.
- Therefore, every individual is forced to choose the most important needs in order of priority according to their income.

18. What is the relationship between income and consumption patterns?

- Individuals with lower income spend a major portion of their total income on food and other basic needs.
- However, as income increases, the proportionate expenditure on food decreases, and more money is spent on luxuries and entertainment.

19. What steps can students take for responsible consumption?

- Avoid wasting food.
- Use cloth bags instead of plastic covers.

- Avoid wasting water and electricity unnecessarily.
- Give priority to eco-friendly products when purchasing items.

20. What is eco-friendly development?

- These are development activities that do not cause harm to nature.
- Examples include construction activities carried out without leveling hills, reclaiming paddy fields, or polluting water sources.

21. How are inputs in production related to technology?

- When technology improves, more products can be manufactured using fewer inputs (productivity increases).
- This helps in reducing production costs and increasing quality.

22. What is a market? Write the features of a market.

- A market is a system where goods and services manufactured through the production process are sold and bought, directly or indirectly.

  Features:

- There will be buyers and sellers of products.
- Prices of goods are determined.
- There is a facility for communication between buyers and sellers.
- Exchange of information and transactions become possible.

23. Explain the Law of Demand.

- Other factors remaining constant, when the price of a commodity increases, its demand decreases, and when the price decreases, the demand increases.
- This inverse relationship between price and demand is called the Law of Demand.
- The basis of this is that more people are willing to buy a product when the price is low.

24. What is the Law of Supply?

- Other factors remaining constant, when the price of a commodity increases, its supply increases, and when the price decreases, the supply decreases.

- The direct relationship between price and supply is called the Law of Supply. When higher prices are obtained, producers bring more goods to the market expecting more profit.

25. What is equilibrium price in a market? How is it determined?

- The price at the state where demand and supply are equal in the market is called the equilibrium price.
- The equilibrium price is determined at the point where the demand curve and supply curve intersect each other.
- At this price, the quantity desired to be bought and the quantity ready to be sold will be equal.

26. What is floor price (Minimum Support Price)? Whom does it benefit?

- The floor price is the minimum price fixed by the government to avoid losses to producers when market prices fall below the cost of production.
- It mainly benefits farmers and other producers.
- Even if the market price falls significantly, they can sell goods at this price fixed by the government.

27. What is maximum price (Price Ceiling)? What is its objective?

- The maximum price is the upper price limit fixed by the government to make essential goods available to common people when their prices increase uncontrollably in the market.
- The main objective is to protect consumers from exploitation.
- Providing goods at lower rates through the Public Distribution System (ration shops) is an example of this.

28. Which factors influence demand?

- Demand decreases when the price of the commodity increases.
- Demand generally increases when the consumer's income increases.
- Changes in the consumer's fashion and interests affect demand.
- Changes in the price of substitute goods influence demand.

29. What is the difference between the demand curve and the supply curve?

- **Demand Curve:** It slopes downwards from left to right. It indicates the inverse relationship between price and demand.
- **Supply Curve:** It is seen moving upwards from left to right. It indicates the direct relationship between price and supply.

30. What are marketing strategies? Write examples.

- Marketing strategies are the methods adopted by traders and companies to increase the sale of goods and services in the market.

Examples:

- Giving attractive advertisements.
- Price discounts, "Buy One Get One" offers.
- Attractive packaging.
- Giving free gifts.

31. Explain Digital Marketing.

- This is the method of marketing goods and services using digital technologies such as the internet, social media, and mobile phones.
- Through this, consumers can select and purchase goods from home itself.
- This method became popular by the 1990s. This is also called online marketing.

<u>Features of digital marketing</u>

- This is a marketing method that utilizes internet (online) based technologies.
- Consumers do not need to visit a marketing center. Products can be selected from any part of the world through digital platforms.
- Time-saving, variety of products, and attractiveness.
- Digital platforms create new types of employment opportunities.