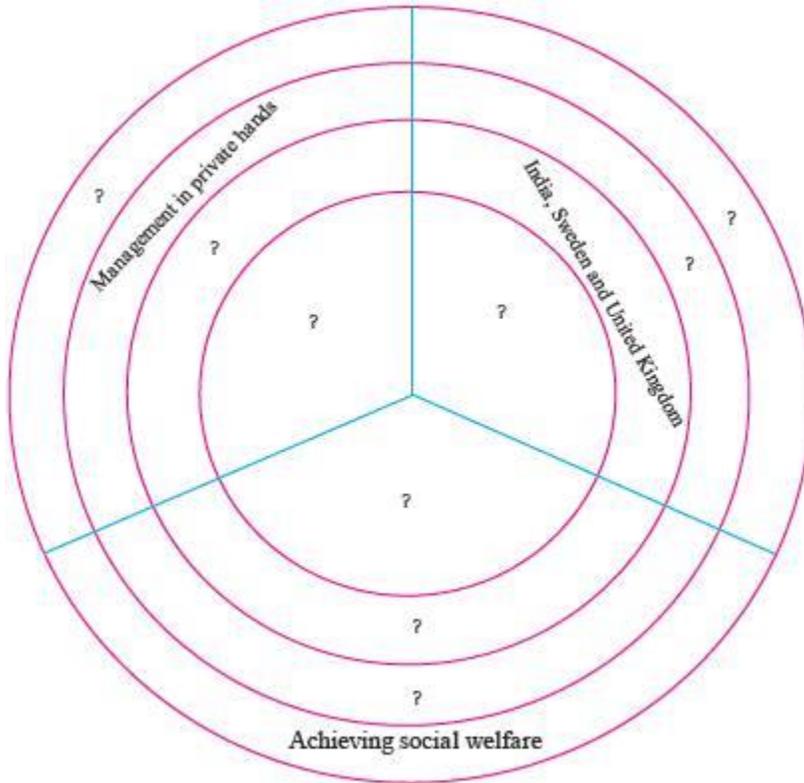


# Introduction to Economics

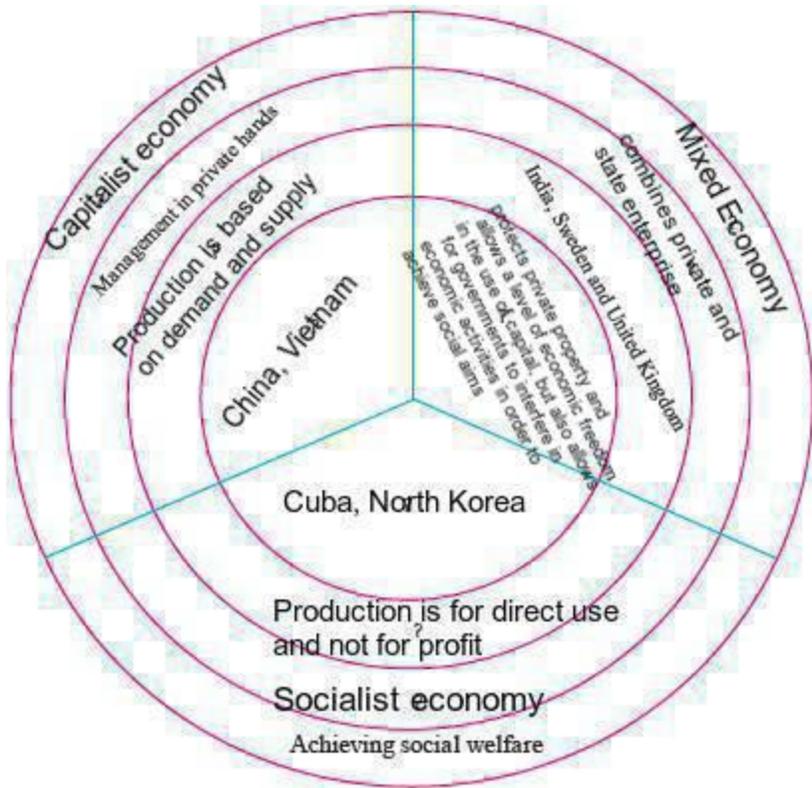
---

## Exercise

Q. 1. Explain the types of economies by filling correct information in the place of questions in the circle.



**Answer :** Please see the image below which shows different types of economy.



**Q. 2. Give an explanation:**

- (1) Economy begins at home.**
- (2) India's economy is of mixed type.**
- (3) On the basis of economies, we can divide countries into three groups.**

**Answer :** (1) Managing finance means economic management, economics makes us understand on how to use time, money, labour and land, this is applicable within family as well on using the available income effectively and managing expenses, also economics comes from the word "oikonomia" which means "family management" hence it can be said that Economy begins at home.

(2) In a mixed economy public and private sector exists at the same time or in the same place they live in an agreement in spite of different beliefs or interest, a balance is maintained between profit and social welfare, all this is seen in Indian economy hence India's economy is mixed type.

(3) A country in which ownership of production and management of production is decided and governed by an individual or private individual and aim towards gaining maximum profit can be termed as a country with **Capitalistic economy**.

A country whose production is monitored and controlled by government and their goal is to achieve social welfare can be termed as a country with **Socialistic economy**.

A country who maintains a well balance between profit and social welfare and where public and private sector co-operate and co-exists can be termed as a country with **Mixed economy**.

**Q. 3. Write the following questions in one line:**

**(1) To which economic factor is the management of individual or family finances related?**

**(2) From which Greek word is the term 'Economics' derived?**

**(3) In capitalistic economy, to whom does the ownership and management of means of production belong?**

**(4) What do you mean by globalisation?**

**Answer :** (1) Management of individual or family finances is related to income and expenditure.

(2) The word economics come from the Greek word oikonomia.

(3) In capitalistic economy, the ownership and management of means of production belongs to private individuals.

(4) Globalisation means aligning the country's economy with the world economy.

### **Activity**

**Q. 1. Obtain information about the contribution of any Indian economist in Economics and present in the class.**

**Answer :** The famous economist who made impact in the world economics is **Amartya Sen**.



(i) He was awarded the 1998 Nobel Prize in Economic Sciences for his contributions to welfare economics, social choice theory and for his interest in the problems of society's poorest members.

(ii) He was also awarded the Bharat Ratna in 1999

(iii) His some of the major studies in the world economic philosophy include Development as Freedom and his book Inequality Examined.

(iv) His activities were to understand the economic gap between the people.

(v) Sen was best known for his work on the causes of famine, which led to the development of practical solutions for preventing or limiting the effects of real or perceived shortages of food.

**Q. 2. Consider the income and expenditure of your family and make an account sheet for it.**

**Answer :** The account sheet which shows total income, budgeted expense, actual expense and balance is as below.

<b>PERSONAL BUDGET WORKSHEET</b>		
	<b>MONTH:</b>	
<b>INCOME:</b>	<b>Budget</b>	<b>Actual</b>
Salary	₹ 1,00,000	₹ 65,675
<b>Total Income</b>	<b>₹ 1,00,000</b>	<b>₹ 65,675</b>
<b>Balance</b>		<b>₹ 34,325</b>
<b>EXPENSES:</b>		
<b>Living/Housing:</b>		
Rent/Mortgage	₹ 16,000	₹ 16,000
Electric	₹ 500	₹ 400
Water/Sewer	₹ 0	₹ 0
Gas/Heating	₹ 1,000	₹ 750
Telephone	₹ 500	₹ 371
Cable TV	₹ 800	₹ 800
Household/Repairs	₹ 500	₹ 121
Other:	₹ 2,000	₹ 1,300
<b>Regular Payments:</b>		
Student Loan	₹ 0	₹ 0
Credit Cards	₹ 10,000	₹ 8,000
Other Loan Payments	₹ 7,000	₹ 7,000

Health Insurance	₹ 3,000	₹ 3,000
Car/Home Insurance	₹ 1,000	₹ 1,000
Life Insurance	₹ 2,800	₹ 2,800
Child Care	₹ 0	₹ 0
Other:	₹ 500	₹ 500
<b>Food Expenses:</b>		
Groceries	₹ 5,000	₹ 4,700
Restaurant Meals	₹ 3,000	₹ 2,150
Other:	₹ 500	₹ 300
<b>Personal Expenses:</b>		
Personal Care	₹ 1,000	₹ 700
Hair/Nail Care	₹ 1,000	₹ 555
Clothing/Shoes	₹ 2,000	₹ 1,700
Doctors, Dentists, etc.	₹ 1,000	₹ 500
Prescriptions	₹ 700	₹ 900
Laundry/Dry Clean	₹ 500	₹ 700
Recreation/Travel	₹ 1,500	₹ 2,500
Other:	₹ 500	₹ 650
<b>Transportation:</b>		
Gas/Auto Expenses	₹ 2,000	₹ 2,150
Bus, Taxi, Train, etc.	₹ 500	₹ 523
Parking	₹ 100	₹ 105
Other:	₹ 200	₹ 200
<b>Miscellaneous:</b>		
Temple	₹ 100	₹ 0
Gifts/Charity	₹ 500	₹ 800
Savings	₹ 5,000	₹ 4,000
Other:	₹ 500	₹ 500
<b>Total Expenses:</b>	<b>₹ 71,200</b>	<b>₹ 65,675</b>