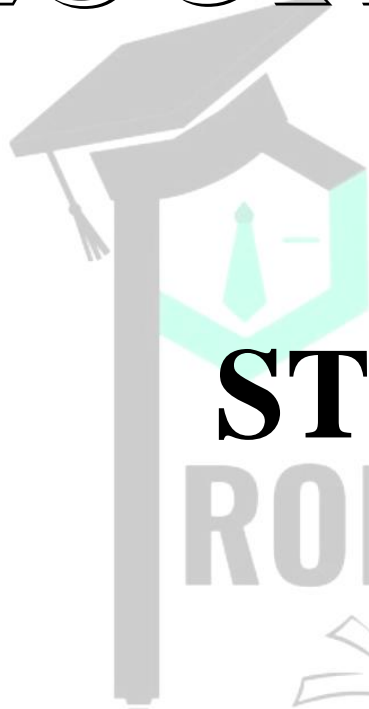


**PROFICIENT ACADEMY, PUNE**

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# ECONOMICS



**STD. XI**

**PROFICIENT**

**ACADEMY**

**MR. HARSHAD TULPULE.**

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## Preface

Economics is one of the core subjects of 11<sup>th</sup> and 12<sup>th</sup> standard curriculum in both Arts and Commerce faculties. Since Std. XI, students start learning economics as a science. It's quite wonderful and exciting journey to understand each and every concept in economics one by one. **Maharashtra State Bureau of Production and Curriculum Research** has designed a nice comprehensive textbook for Std. XI. The textbook is very helpful for students to understand the subject. However, writing answers in the examination in a precise manner is another skill which students need to adopt and develop. These notes have been given in question-answer format so that students will get the best study material for exam preparation along with subject understanding. All possible questions (having long answers) are given with their answers in the most precise and attractive manner. I hope this will serve as an ideal guide for students.

Wishing you all the best!

- Harshad Tulpule

BA(Economics)

PROFICIENT  
PGDM in Sustainable  
Management of Natural Resources and Nature Conservation  
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**Chapter 1 BASIC CONCEPTS IN ECONOMICS****(I) Fill in the Blanks****(1 mark)**

1. Economics is a .....science.
2. Natural sciences are also called as ..... sciences.
3. ....has given the scarcity-oriented definition of Economics.
4. The origin of the word Economics lies in the Greek word ..... which means management of the household.
5. Economics is referred to as ‘queen of social sciences’ by .....
6. .... is the famous book authored by Kautilya.
7. Social sciences are also called as .....sciences.
8. Adam Smith has given the .....-oriented definition of Economics.
9. ....first coined the terms Micro Economics and Macro Economics.
10. According to Lionel Robbins, .....have alternative uses.
11. Adam Smith put forward.....as an aspect of growth theory.
12. According to Prof. Alfred Marshall, Economics is related to the study of ..... welfare.
- 13.....defined Economics as ‘a science of wealth’.
- 14.....Authored the book ‘Principles of Economics’.
- 15.....belongs to modern school of Economics.
- 16.....is regarded as the ‘Father of Economics’.
17. Adam Smith was a .....economist.
18. Adam Smith’s “An Inquiry into the Nature and the Causes of Wealth of Nations” was published in.....
19. Adam Smith put forward the .....policy i.e. non-intervention of the government.
20. “An Essay on the Nature and Significance of Economic Science” was authored by .....
21. According to Lionel Robbins, .....are unlimited.
22. According to Lionel Robbins, .....are limited.
23. “Principles of Economics” by Alfred Marshall was published in.....
- 24.....was a Neo-classical Economist.
25. Alfred Marshall has given the .....-oriented definition of Economics.
26. Sir Ragnar Frisch first coined the terms Micro Economics and Macro Economics in .....
27. The term ‘Micro’ is derived from the Greek word .....

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28. The term 'Macro' is derived from the Greek word .....

29. The term 'Micro' is derived from the Greek word 'Mikros' which means .....

30. The term 'Macro' is derived from the Greek word 'Makros' which means .....

(Answers – 1.Social, 2.exact, 3.Lionel Robbins, 4.oikonomia 5.Paul Samuelson, 6.Arthashastra, 7.abstract, 8.wealth, 9.Ragnar Frisch, 10.means, 11.division of labour, 12.material, 13.Adam Smith, 14.Alfred Marshal, 15.Lionel Robbins 16.Adam Smith, 17.Classical, 18.1776, 19.laissez faire, 20. Lionel Robbins, 21.wants, 22.means, 23.1890, 24.Alfred Marshall, 25.welfare, 26.1933, 27.Mikros, 28.Makros, 29.small, 30.large.)

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**Short-Answer Questions**

**(2-3 Marks)**

**1. Explain Adam Smith's definition of Economics.**

**Ans** - Classical Economist Adam Smith, in his famous book "*An Inquiry into the Nature and Causes of Wealth of Nations*" published in 1776, defines Economics as "a science of wealth".

Adam Smith is regarded as the "**Father of Economics**". He gives wealth-oriented approach to look at economics as a science. He advocated the 'Laissez fair' policy which means that there will be no interference of government in the Economy. Smith defines wealth creation as the primary aim of any economy and puts forward theories such as division of labour for the achievement of maximum economic growth.

**2. Explain Alfred Marshall's definition of Economics.**

**Ans** - Neo-classical economist Alfred Marshal, in his book "*Principles of Economics*" published in 1890, defines Economics as follows: \_\_\_\_\_

"Economics is a study of mankind in the ordinary business of life. It examines that part of individual and social action, which is closely connected with the attainment and use of material requisites of well-being".

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Marshall has given the welfare-oriented definition of economics. His definition clears that Economics is not simply a study of wealth but it's a study of the behavior of an ordinary man towards the achievement of the material well-being.

### 3. Explain Lionel Robbins' Definition of Economics:

**Ans** - Lionel Robbins, in his book entitled "*An Essay on the Nature and Significance of Economic Science*" published in 1932, defines Economics as follows:

"Economics is a science which studies human behaviour as a relationship between ends and scarce means which have alternative uses".

Robbins gives scarcity-oriented definition of Economics which is the most popular definition ever. The key points of Robbins' definition are:

- Wants or ends are unlimited
- Means are comparatively limited
- Wants are gradable on the basis of priority
- Means have alternative uses

### 4. What is Micro Economics? Explain with definition.

**Ans** - Micro Economics is a branch of economics which studies individual components of the economy such as individual firm, individual household, individual price, individual consumer, etc. The word 'Micro' is derived from the Greek word 'Mikros' which means 'small'. It's a microscopic version of economics.

Kenneth Boulding defines Micro Economics as "the study of particular firms, particular households, individual prices, wages, incomes, individual industries, particular commodities".

### 5. Explain the concept of want:

**Ans** – Want, in common language can be referred to as a 'need'. In Economics, want denotes a feeling of lack of 'satisfaction'. This feeling enables an individual

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to satisfy his want. Rise in population and desire for better living have led to increasing human wants.

Human wants are unlimited and are recurring in nature. They differ with age, gender, preferences, seasons and culture.

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**6. Say True or False with reasons – “Wants are unlimited”.**

**Ans** – This statement is true.

**Reason** – Wants are unlimited because they arise again and again and they are unending. When one want gets satisfied, another arises. Wants go on multiplying in number.

**7. Say True or False with reasons – “Wants are recurring.”**

**Ans** – This statement is true.

**Reason** – Most of the human wants arise again and again. Eg. When we eat something and satisfy our hunger, we get hungry again after few hours. Wants occur again and again also due to perishability and limited life of commodities.