

# GIRLS' HIGH SCHOOL AND COLLEGE

2020-2021

CLASS: 11 C&D

Economics

Worksheet – 1

## Chapter – Definition of Economics

**Note** – Parents please ensure that your ward refers to the textbook, **ISC Economics Class 11 by D.K.Sethi and Mrs.U.Andrews by Frank publication** and the websites for at least two days to read and understand the chapter.

01) [www.economiscdiscussions.net](http://www.economiscdiscussions.net)

02) <https://en.m.wikipedia.org>

03) <https://corporatefinanceinstitute.com>

### Introduction

Study of Economics is important because it deals with economic questions that concern each one of us in our daily lives as individuals and as citizens of a country. Economics as a social science is concerned with economic questions. It seeks to explain systematically a large variety of questions pertaining to economic behaviour of individuals, the society and the economy. We study Economics because it sheds light on various economic issues and it enables us to understand current economic problems and consequences of various economic policies pursued by the government. Economics seeks to develop principles, theories and models that identify the important determinants or causes of various economic events.

### Major Definitions of Economics

Economics has been defined differently by different economists. The various definitions of Economics can be grouped under four heads:

- 1.) Wealth definition
- 2.) Welfare definition
- 3.) Scarcity definition and
- 4.) Growth oriented definition.

#### 1. Wealth definition- Adam Smith

The father of Economics defined economics as a science of wealth. He regarded economics as a science which studies production and consumption of wealth.

#### 2. Welfare definition - Marshall

He defined economics as a social science which studies the economic activities of a real man. Marshall was the first economist who tried to raise the status of

economics in the public mind Marshall placed primary emphasis on the study of mankind.

### **3 Scarcity definition - Robbins**

Robbins put forward a novel viewpoint by laying emphasis on scarcity as the Central point of definition. His definition emphasises four fundamental characteristics of human life. Unlimited wants scarce means, alternative uses of means and the problem of choice. Thus unlimited wants and limited means with alternative uses give rise to the problem of choice.

### **4. Growth oriented definition - Samuelson**

Samuelson has made economics to move from being scarcity centred to growth centred. The core element in his definition is that it not only emphasises the scarcity aspect but links it with the growth aspect of productive resources. This definition is dynamic in nature.

Branches of Economics

Economics has been classified into two main branches-

(a) Micro economics

(b) Macro economics

(a) **Micro economics** is the study of individual economic units like a consumer, a producer, a firm or an industry. It is termed as the price theory.

(b) **Macro economics** deals with the entire economy like total employment, national income, total investment, total savings, aggregate demand, and aggregate supply and so on. It examines the interrelation among various aggregates and causes of fluctuations in them.

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### **Answer in brief**

- 1.) State the 'wealth' definition economics.
- 2.) What is the 'welfare' definition of economics?
- 3.) Give Robbins' scarcity' definition of Economics.
- 4.) What is microeconomics?
- 5.) Define macroeconomics.
- 6.) State two differences between micro and macro economics.
- 7.) Who is the father of Economics?
- 8.) Name the book written by Adam Smith to clarify his view on the nature of Economics.
- 9.) Give two main points of criticism of Marshall's definition.
- 10.) State Samuelson's definition of economics.

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### **Answer in detail**

- 11.) Critically examine the scarcity definition of Economics.
- 12.) Which definition of economics is the best? Give reasons to support your answer.
- 13.) What were the main features of Robbins definition of economics?
- 14.) Differentiate between micro and macro economics.
- 15.) How is Marshall's definition better than wealth definition of Adam Smith?

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