

UNIT 1

INTRODUCTION

Introduction

This chapter provides an overview about the central problems of an economy. It helps us to familiarize the various concepts like production possibility curve, centrally planned economy, market economy, positive and normative economics and micro and macro economics. The learner developed positive attitude towards various economic organizations.

Concepts/ Idea	Process /activity/ Assessment	Learning outcomes
Simple Economy <ul style="list-style-type: none"> • Consumption • Production • Distribution • Exchange 	Using ICT tools watch video clipping of various economic activities related to agriculture, industry and service sectors followed by a general discussion discussion points <ul style="list-style-type: none"> ✓ Consumption ✓ production ✓ distribution ✓ exchange 	Explain the basic economic activities
Central problems of an economy <ul style="list-style-type: none"> • What is produced and in what quantities? • How are these goods produced? • For whom are these goods produced? 	Seminar Topic Central problems of an economy Seminar points <ul style="list-style-type: none"> ✓ Why Economic problems arise? ✓ What is produced and in what quantities? ✓ How are these goods produced? ✓ For whom are these goods produced? 	Analyze the various central problems of an economy

<p>Production Possibility Frontier/ Production possibility curve</p>	<p>Reading the table and diagram (PPT) Analyze the table and diagram related to the PPF with the help of PPT followed by guided discussion</p> <p>discussion points</p> <ul style="list-style-type: none"> ✓ Definition of PPC ✓ Derivation of PPF/PPC ✓ MOC <p>Power Point presentation PPC table and curve</p>	<p>Define PPF (PPC) Prepare the table and draw the PPC Analyze a point on, within, beyond PPC</p>
<p>Organization of economic activities</p> <p>Centrally planned economy</p> <p>Market economy</p>	<p>Locate from world map Students are asked to locate some of the countries that use price mechanism and some other depend solely on government for resource allocation followed by a General discussion on their features.</p>	<p>Compare and contrast the features of centrally planned economies and market economies</p>
<p>Positive and normative economics</p> <p>Micro and macro economics</p>	<p>Interactive discussion Among the positive and normative statements given to the students ask them to group into two according to their features</p> <p>A collection of pre prepared positive and normative sentences can be given micro and macro economic variables also can be given in the same way asking the students to group them</p>	<p>distinguish between positive and normative economics</p> <p>classify and give examples of micro and macro economics</p>

Activity detailing

Seminar

The teacher can plan a seminar from this chapter based on the following topic “Central problems of an economy”

The sub topic for the seminar as follows

- ✓ Why economic problem arises?
- ✓ What is produced and in what quantities?
- ✓ How are these goods produced?
- ✓ For whom are these goods produced?

There can be four groups, once the topics has been assigned to the students, they should collect and analyze the fact and present it in an open seminar. The teacher should provide sufficient materials and persuade the students to involve activities in the seminar discussion. After seeking opinion from the students a moderator is to be selected for controlling the proceeding of each group. The teacher should finally consolidate the main ideas from each topic. All the group should submit the seminar report after incorporating the positive view points from other groups.

TE Questions

1. Categorize the following into two appropriate heads

GDP, National income, Supply of a production unit, General Price level, Total imports, a consumer preference, aggregate demand, income of a worker.

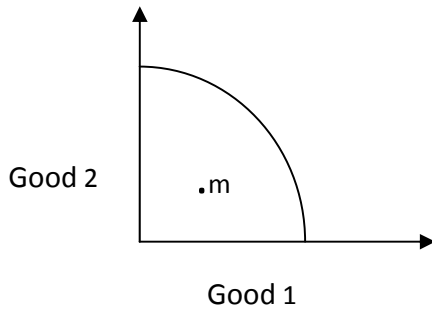
Ans.

Micro Economics	Macro Economics
Supply of a production Unit a consumer preference income of a worker	GDP National income General Price level Total imports aggregate demand

2. Suppose an Economy is now operating on a point m.

A). what is the reason for this.

B). suggest two appropriate measures to make the economy in such a way that it operates at a point on the PPC.



Ans. A) Underutilization of resources

B) Use of advanced technology, Fuller utilization of resources.

3. Production possibilities of Good 1 and 2 are given below

Quantity of Good 1	0	1	2	3	4	5
Quantity of Good 2	20	18	15	11	6	0

a) Draw a PPF

b) Find out its MOC

Ans. b)

Quantity of Good 1	0	1	2	3	4	5
Quantity of Good 2	20	18	15	11	6	0
MOC	-	2	3	4	5	6

4. Complete the table

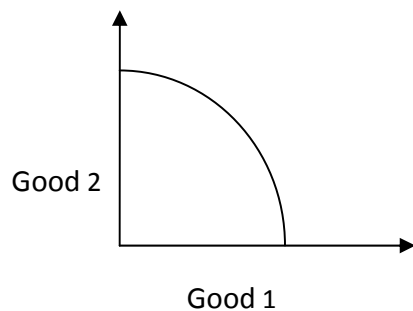
Central problems of an economy

A	B	C

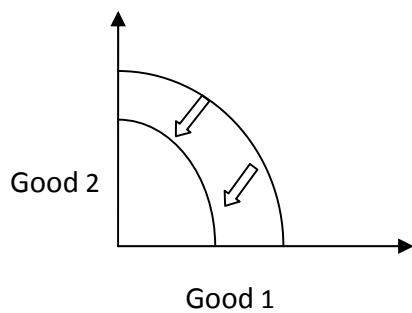
Ans.

A	B	C
What to produce	How to produce	For whom to produce

5. The diagram below shows the PPC of Nepal before the recent earthquake. Show the changes in the PPC after the Earthquake



Ans.



6. 'Economizing is a solution for the central problems of an economy' Analyze the central problems of an economy.

Ans. Explain and analyze

Why economic problem arises?

What is produced and in what quantities?

How are these goods produced?

For whom are these goods produced?

7. Complete the table

Features of Centrally Planned Economy	Features of Market economy
1. 2. 3. 4.	1. 2. 3. 4.

Ans.

Features of Centrally Planned Economy	Features of Market economy
1. Government decides everything 2. public ownership 3. Welfare motive 4. planning from above	1. Price mechanism 2. private property 3. profit motive 4. Consumers sovereignty

Concept map

Basic Economic Activities	Consumption
	production
	distribution
	exchange

Central problems of an economy	What to produce
	How to produce
	For whom to produce

Organization of economic activities	Centrally planned Economy
	The market Economy
	Mixed Economy

Economics	Micro Economics
	Macro Economics

Economic Analysis	Positive Economics
	Normative Economics

Teacher Assessment Check list

	Items	Completely	Partially	Need improvement
1	Strategies are effective for content transaction			
2	Effective participation of the students			

3	Activities are suitable for achieving learning outcome			
4	ICT possibilities			
5	Learning activities that provided is completed within the time			