**First Term Examination 2020-2021**

**Std:IX Economic Applications Marks :20**

 **Time: 30 min**

**I.Answer the following Questions:**

1.What are secondary wants? Explain [3]

2.Explain the role of the government as a facilitator of industrialization. [3]

3. How can Utility be created by changing the form and place of Commodities [3]

4.What is the difference between Value in exchange and Value in use? [3]

5.Define Growth Oriented Definition of Economics and discuss any of its two features? [4]

6.Classify the following goods [4]

 i. Free Goods and Economic Goods

 ii. Intermediate Goods and Final Goods

 Answer Key

**1.What are secondary wants? Explain [3]**

 Secondary Wants are classified into two groups

* Want for Comforts:

Some Wants bring Comforts to one’s life. These wants are not very necessary for one’s survival but just to make one’s life a little more easier.

Eg: An Easy Chair, Electric Fan Washing machines etc.

* Wants for Luxuries: Wants for very costly goods which are generally used by the rich just to display their wealth , are known as wants for luxuries.
* Eg: Wants for precious jewels , costly gems, costly motor cars etc. [1x3=3]

**2.Explain the role of the government as a facilitator of industrialization. [3]**

* Industrialisation in less developed countries depends largely on the participation of the state in this process.
* Establishments of basic industries like iron and steel, heavy engineering industries, Chemical industry, fertilizer industry etc are required for creating a strong industrial base in less developed countries.
* The huge dose of investment required for such industries and the long gestation period of these industries keep the private investors reluctant to invest in such industries. [1x3=3]
* So development of such basic and core industries depends on the initiative and action taken by the government

**3. How can Utility be created by changing the form and place of Commodities? [3]**

* **Form Utility:** Utility can be created in commodities by changing its form.
* Eg. A piece of wood is of no use to a consumer. It is of use only to a Carpenter
* When the carpenter changes its form into a table or chair it is of use to the oridinary consumer.

**Place Utility:** When Utility is created by changing the place of a commodity we call it place utility.

* A commodity in Kolkata is of no use to a consumer in Mumbai.
* Utility is generated by transporting the commodity from Kolkata to Mumbai.

**4.What is the difference between Value in exchange and Value in use? [3]**

* It is the want satisfying power of a commodity. The satisfaction which one obtains from the use of a commodity is known as **the value-in-use.**
* For example water has immense use value, because it quenches thirst and without it daily life is just impossible. The quality of water is the value-in-use of water or which serves a useful purpose.
* Value in use will never change
* The amount of goods and services which we may obtain in the market in exchange of a particular thing is **Called Value in Exchange**
In other words, it is the **price** of a particular good which can be sold and bought in the market.
* For instance, if one kg of rice can be obtained in exchange of one dozen of banana, then we may say that value of one kg of rice is equal to one dozen of banana.
Value in exchange will change depending on the time and place.

**5.Define Growth Oriented Definition of Economics and discuss any of its two features? [4]**

 Economics is the study of how people and society end up choosing, With or without, the use of money to employ scarce productive resources which as got alternative uses to produce commodities over time and distribute it for consumption now or in the future among various groups or people in the society. It analyses the costs and benefits of improving patterns of resource allocation.

 Growth orientation: Growth measured by change in National Output over time.

Economics is concerned with determining the pattern of employment of scarce resources to produce commodities over time.

Dynamic Allocation of resources: Economics is concerned with pattern of consumption not only now but also in the future.

Distribution: Modern definition is concerned with distribution among various persons and group in the society. Problem of distribution is made explicit in this definition.

Improvement of resource allocation: The definition analyses the costs and benefits of improving patterns of resource allocation

6.Classify the following goods [4]

 i. Free Goods and Economic Goods

 ii. Intermediate Goods and Final Goods

**i. Free Goods and Economic Goods**

**Goods which do not have an exchange value are called free or non-economic goods. Non-economic goods are abundant in supply and do not go through the economic process of production and distribution and they are consumed by people.**

* **Goods which have an exchange value in the market are called economic goods. They have an exchange value as they are produced with the help of scare resources and scarce in supply in relation to their demand. They are man-made things and payment has to be made in order to get them.**
* **The distinction between economic goods and free goods is not permanent. A good may be a free good today and become an economic good tomorrow under certain conditions or the same thing may be free good under certain conditions and an economic good under others. For instance, air is not a free good in a deep mine.**
* **ii. Intermediate Goods and Final Goods**
* These are final goods of production meant for direct consumption
* When a consumer **consumes a good** and this good is capable of satisfying a particular want **directly** then it is called a consumer good For example, cooked food. They satisfy human wants directly.
* When a good is *used at the intermediate stage of production* of a final good, when it is *purchased by a producer to produce a final good* which is *not directly consumed by the consumers* but this good indirectly satisfy the then such goods are called producer’s good.
* For example, **cotton used to make cloth**, **machines used in factories** to produce garments, **a tractor** which facilitates in **producing food grains**, a **utensil used to cook food** etc. They satisfy human wants through the final good and not directly.