**Chapter 1: MICROECONOMICS**

**Topic – 1: Introduction To Economics**

**Scarcity**

* **Scarce resources:** Resources which **aren’t** abundant & might be gotten in **exchange** of something.
* **Free resources:** Resources which are **abundant**, **might not be free** & can be gotten **without** any competition.
* **Rival goods:** Resources which when consumed by someone, **affects** how much others get of it.

Factors Of Production

* Land or natural resources
* Labour
* Capital: Something used in production.
* Entrepreneurship: Putting all the other factors together.

Note!

🡪 Financial capital is a different thing.

🡪 Entrepreneurship is also known as technology.

Types Of Production

* Capital goods: Producing goods which can be used in producing something else.
* Consumption goods

Normative & Positive Statement

* Normative statement: Statements which can be termed as ethical statements & are thus subjective.
* Positive statement: Statements which can be tested & might have results.

Other Key Terms

* Occam’s razor: Making minimum assumptions when performing analysis.
* Ceteris paribus: Means "all else equal". It is the idea of considering changes which are clearly seen & not other factors.
* For example, how someone reacts to a price mustn’t be assuming anything about their income, preference etc.
* Model: Simplification of a system or a process.

Note!

🡪 Normative information are indeed considered when studying economics.

Topic – 2: Economic Systems

Property Rights

* Household: The buyers & seller parties of a firm.

Features Of Property

* Exclusive
* Enforceable: Protected by law for its owner.
* Transferable