

## **Exam TOPIC 2**

### **Var.1 Economy and Finance**

The economy is an important part of our lives. It is about money, jobs, and business. Every country has an economy. It helps people to buy things, sell things, and make things. There are many jobs in the economy. Some people work in shops. They sell food and clothes. Other people work in factories. They make cars and toys. There are also people who work in banks. They help us save money and spend money. Money is very important in the economy.

We use money to buy things we need and want. We can buy food from the supermarket. We can buy clothes from shops. We can also buy cars and holidays. But we must work to get money. People are paid money for their work. This money is called a salary.

Sometimes, people save their money. They put it in a bank. The bank keeps it safe. We can also borrow money from the bank. This is called a loan. People use loans to buy big things, like a house or a car. They pay the bank back every month.

Prices in the economy can change. Sometimes they go up, and sometimes they go down. This is called inflation. When prices go up, we need more money to buy the same things. Inflation can be good or bad. If there is too much inflation, things become very expensive. In the economy, it is important to have jobs and money. If people do not have jobs, they do not have money to buy things. This is called unemployment.

Governments help people find jobs. They try to make the economy good for everyone. The economy is like a big puzzle. Everyone has peace. When all the pieces fit together, it works well.

### **Var.2 Economy and Finance**

The economy is like a big machine. It helps us understand how money works in the world. When you go shopping, buy food, clothes, or even a toy, you are a part of the economy. People work to earn money, and then they use that money to buy things they need or want. This is called consumption. Businesses are also part of this economy. They produce goods or offer services. Businesses pay people to work for them, and these workers use their earnings to buy more things. It is like a circle where money keeps moving from one hand to another.

Finance is about how we manage our money. It includes saving, investing, and spending. Saving money is important because it helps us prepare for unexpected expenses or buy expensive items in the future. People often save by putting money in a bank. Banks are safe places where our money can grow. They give interest, which is a small extra amount of money, to keep our money with them.

Investing is another way to use money. People invest when they buy stocks or property, hoping that their value will increase over time. While investing can be risky because the value can go up and down, it can also be rewarding. Spending wisely is important. Making budgets can help us keep track of where our money goes.

Overall, understanding the economy and finance helps us make good choices with our money. It is important to learn these things so we can have a secure and stable future. By being smart with money, we can enjoy our lives and provide for ourselves and our families without worry.

### **Let's Answer the Following Questions!**

1. How do people participate in the economy when they shop?
2. What do businesses do in the economy?
3. Why is it important to save money?
4. Where do people often save money?
5. What is investing and why can it be risky?
6. How can budgeting help us with our money?

### **Correct Answers:**

1. The economy is compared to a big machine.
2. People participate in the economy when they buy food, clothes, or toys.
3. Businesses produce goods or offer services in the economy.
4. Saving money is important to prepare for unexpected expenses or future purchases.
5. People often save money by putting it in a bank.
6. Investing is buying stocks or property with the hope that their value will increase over time; it can be risky because values can fluctuate.
7. Making budgets can help us keep track of where our money goes and spend wisely.