**RATHNAVEL SUBRAMANIAM COLLEGE OF ARTS AND SCIENCE, (AUTONOMOUS), SULUR, COIMBATORE – 641 402 POST GRADUATE AND RESEARCH SCHOOL OF COMMERCE**

**SUBJECT: MICRO ECONOMICS DATE: 5th SEP 2022 TOPIC: THE BASIC ECONOMIC PROBLEM SUBTOPICS COVERED: THE NATURE OF ECONOMIC PROBLEM, FACTORS OF PRODUCTION FIRST WEEK: Quiz, Activities (Individual, Group) and Assignments QUIZ – In Google Classroom**

**INDIVIDUAL ACTIVITIES**

1. Identify two forms that are used by a paper mill.
2. The following is a list of economic resources. In each case, decide whether the resource is an example of land, labour, capital or enterprise. a. Chemical Fertiliser b. A School c. A Lake d. The work of a nurse e. The initiative needed to set up and run a bicycle repair shop
3. Decide which of the following would raise labour productivity. a. Improved education and training b. Better equipment c. Worse working conditions
4. A firm is currently using 12 machines. Each machine is capable of producing 100 units of output. It anticipates that by the end of the year, 3 of its machines will wear out. a. If it expects to sell 1600 units next year, how many machines will it buy? b. Why in the future may fewer machines be needed to produce the same output?

**GROUP ACTIVITIES**

1. In your group, discuss and decide which of the following are scarce. a. Vacancies for University Degree Courses b. Foreign Holidays c. Healthcare
2. In your group, discuss and decide whether each of the following is an economic or a free good. a. Air b. Education c. Newspapers d. Public Libraries d. State Education
3. In your group, discuss and decide which of the following are capital goods and which are consumer goods. a. A Chocolate Bar b. A Car c. A Child’s Toy d. A Farm Tractor e. A Dentist’s Drill f. A Courtroom
4. In your group identify three capital goods used in your school that are geographically mobile.
5. In your group, discuss how advances in technology have changed. a. Student’s learning experience b. People’s Medical Care c. Food Production

**ASSIGNMENTS**

**DEFINITIONS:** Match the following terms with an appropriate definition.

|  |  |
| --- | --- |
| 1. Scarcity | 1. Natural resources |
| 1. The economic problem | 1. Economic resources |
| 1. Wants | 1. Inability of workers to change jobs and location |
| 1. Land | 1. Inability to produce everything that people want |
| 1. Capital | 1. Products that have an opportunity cost |
| 1. Labour immobility | 1. Products that do not have an opportunity cost |
| 1. Factors of production | 1. Products people desire to have |
| 1. Opportunity cost | 1. Human made resources |
| 1. Economic goods | 1. An insufficient quantity to satisfy everyone’s wants |
| 1. Free goods | 1. Best alternative foregone |
| 1. Allocation of resources | 1. An output combination to the right of the PPC |
| 1. Entrepreneurs | 1. Buyers of goods and services |
| 1. Unattainable production point | 1. A payment for the use of land |
| 1. Consumers | 1. People who bear the risks of a business and who organize the other factors of production |
| 1. Rent | 1. What land, labour, capital and enterprise are used to produce |

**MISSING WORDS:** Complete the following sentences by filling in the missing word or words.

1. It is not possible to eliminate \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ as \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ grow faster than economic resources.
2. The economic problem means that people have to make \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
3. Most land is \_\_\_\_\_\_\_\_\_\_\_\_\_\_ mobile, but geographically \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
4. If gross investment exceeds depreciation there is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
5. The payment labour receives is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, whilst \_\_\_\_\_\_\_\_\_\_\_\_\_ is the payment entrepreneurs receive.
6. A country’s labour force can be increased by \_\_\_\_\_\_\_\_\_\_\_ the retirement age and \_\_\_\_\_\_\_\_\_\_\_ the school leaving age.
7. Output is \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_, whereas \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ is output per worker hour.
8. A key role of entrepreneur is to bear \_\_\_\_\_\_\_\_\_\_\_\_\_\_ risks.
9. Another name for a production possibility curve is a \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ cost curve.
10. A production possibility cure shows the maximum output of \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ products with existing resources and \_\_\_\_\_\_\_\_\_\_\_\_\_\_.

**SIMILARITIES:** Identify one way in which, each of the following pairs is similar.

1. Builders and teachers
2. The entrepreneur and labour
3. Forests and streams
4. Wind and Sunlight
5. Finite resources and limited resources
6. Forests and rivers

**DIFFERENCES:** Identify one way in which, each of the following pairs is different.

1. Capital goods and consumer goods
2. Economic goods and free goods
3. Capital and land
4. Consumers and production
5. Sunshine and a solar panel
6. Capital and labour

**QUESTIONS**

1. Explain why a car is an economic good?
2. Why can we expect to enjoy a longer lifespan?