NCERT Solutions for Class-XII Economics (Macro)

Chapter-1

Macroeconomics Solutions Class 12 Chapter 1

Q1. What is the difference between microeconomics and macroeconomics?

Sol.

Microeconomics	Macroeconomics
It deals with human behavior, selection, and motivation of individual companies.	It deals fully with the economy, as well as governments, corporations, and regulatory institutions.
It was started by economists like Alfred Marshall	It was started by economists like J.M. Keynes
It is not uncommon to justify consumer behavior, price concept, and marketing principles.	It can explain the combined market performance, unemployment, growth, and overall market forecasts.

Q2. What are the key elements of a capitalist economy?

Sol. These are the essential facts of the market economy

- This suggests that production is unique.
- Increased profit is the main reason producers.
- The market determines the value of sales supported by demand and supply.
- There is competition between producers, and the economy is guaranteed.

Q3. Describe the four main economic sectors from a macroeconomic perspective.

Sol. From a macroeconomic point of view, these are the four major economic sectors.

(i) A manufacturing sector responsible for the production of goods and services

(ii) The domestic sector that uses goods and services produced in the economy

(iii) The public sector is responsible for formulating legislation and regulating policies affecting the economy and the people.

(iv) The foreign sector refers to the whole world, which is linked to trade. (Export and Import)

Q4. Describe the Great Depression of 1929.

Sol. The Great Depression of 1929 was one of the worst economic events in the history of the world. It all started when the U.S. stock market crashed in 1929 and continued until the late 1930's. Several factors are considered to be contributing to the current economic downturn. Increasing debt levels, declining profits, and the general gold system are some of the factors cited.

The Great Recession led to many economic and social ills. There has been a sharp decline in productivity and economic activity. Unemployment rates rose sharply, causing widespread hardship. Many prominent banks fail and lose business. Eventually, severe depression formed U.S. politics. and laid the foundations of the New Deal.