

Question 1. What is the difference between Microeconomics and Microeconomics?

Answer : Difference between Micro and Macro Economics

S. No.	Microeconomics	Macroeconomics
1	Microeconomics studies economic problems at an individual level	Macroeconomics economic studies problems at the level of an economy as a whole.
2	Microeconomics is determined the output and price 10ran individual firms	Macroeconomics is determined an aggregate output and general price level in tile whole economy.
3	Demand and supply are its main tools	Aggregate demand and aggregate supply are Its mam tools
4	It assumes all the macro variables to be constant as national Income, consumption, saving etc	It assumes that all tile micro variables to be constant as households, firms, prices of Individual product etc.

Question 2. What are the important features of a capitalist economy?

Answer : Features of capitalist economy are

1. It is an economic system In which no restriction is imposed by government and every individual is enjoying economic freedom.
2. Factors of production are privately owned.
3. Profit maximisation is prime consideration.
4. Large number of buyers and sellers exist in the market and there is tough competition.

Question 3. Describe the four major sectors in an economy according to the macroeconomics point of view.

Answer : According to the macroeconomics an economy in classified Into the following four sectors.

1. **Household Sector** This sector engaged In the consumption of goods and services. House hold spend their income on payment for goods and services purchased. payment of lax to government.
2. **Production Sector** Tnis sector engaged in the production of goods and services. This sector makes payments tor factor services to households, taxes to the government, imports of the materials.
3. **Government Sector** This sector engaged in such activities which are related to taxation and subsidies.

