




**Pakistan School**  
Kingdom of Bahrain

**A warm welcome to all the  
students to our virtual class.**



We are going to start our second online economics class today. I hope we all will enjoy and learn.

❖ Rules for class:

- 1) Be on time for all your classes.
- 2) Respect all the participants of the class.
- 3) Do not create any disturbance,
- 4) Pay attention to your teacher.
- 5) Raise hand if you have a question.
- 6) Entre into the class with your actual name.



# Chapter Three

## Subject Matter of Economics




# Brain stormng.


- What is the profession of these two? What they provide goods or services?





# Lesson Objectives:

- By the end of this part of lesson, students will be able to:
    1. Define goods and services and illustrate the kinds of goods.
    2. Define utility and differentiate between positive and negative utility.
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- Services: many of our wants are satisfied by the educational skilled (training) qualities of different persons. their personal endeavours are called services in economics i.e. services of a doctor, a teacher , a musicain.
  - Goods: all the commodities which satisfy our wants are called goods in economics. e.g. food, fruits, clothing,shoes,chair,table,pen etc.

Kinds of goods: There are two main kinds of goods which are as follows:

Capital goods: Goods that are used in producing other goods, rather than being bought by consumers e.g. tools , machines, fabric etc.

Consumers Goods: Goods bought and used by consumer, rather than by manufacturers for producing other goods. for example, food , Cloth and jewellery etc.



# Difference between goods and services



a good  or a service



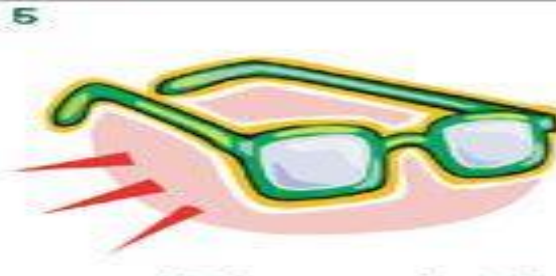
a good  or a service



a good  or a service



a good  or a service



a good  or a service



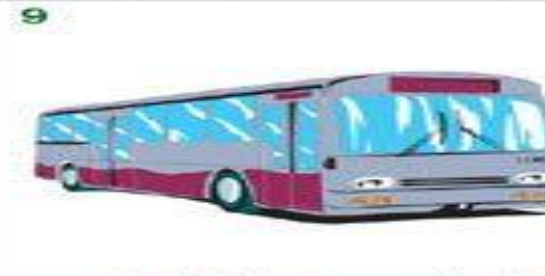
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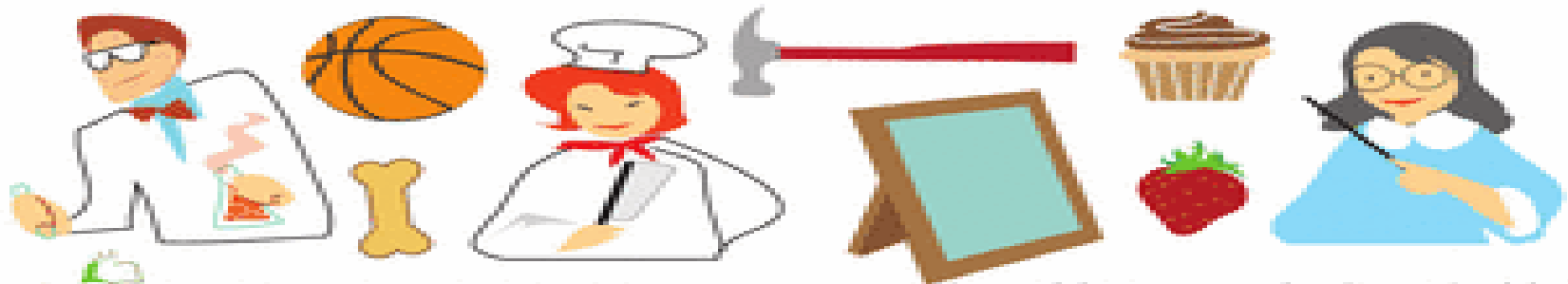


# GOODS & SERVICES

**GOODS** : Something people want that you can hold or touch. **ex.** orange

**SERVICES** : Something people do for other people. **ex.** bus driver

**DIRECTIONS:** CUT OUT the items under the dashed line and paste  
GOODS under GOODS and SERVICES under SERVICES.



# Types of Goods



# Goods

Consumption Goods

Production Goods

Single use  
(e.g. bread)

Durables  
(e.g. shoes,  
chair)

Single use  
(e.g. raw  
materials)

Durables  
(e.g. tools,  
machines)

# Capital Goods and Consumer Goods & Services

- **Capital goods**
  - Goods that are used to make consumer goods and services
  - Capital inputs include fixed plant and machinery, hardware, software, new factories and other buildings
- **Consumer goods and services**
  - Goods and services which satisfy our needs and wants directly
  - There is a sub-division between:
    - i) **Consumer durables**: Products that provide a steady flow of satisfaction / utility over their working life (e.g. a washing machine or using a smartphone).
    - ii) **Consumer non-durables**: Products that are used up in the act of consumption e.g. drinking a coffee or turning on the heating)
    - iii) **Consumer services**: E.g. a hair cut or ticket to a show



ECONOMICS TOPIC VIDEOS

# Difference between consumer and capital goods

AS Level Microeconomics

Hosted by Geoff Riley



Difference between capital and consumer goods.

# What are Goods?

**Consumer Goods** are bought for personal use, not for producing other goods.



**Capital Goods** are bought for producing other goods.



Thousands of people travelled west across America with all their **Worldly Goods**.



Any physical or tangible product that we can see and touch.

# Consumption goods vs. capital goods

## Consumption goods

- Bought by consumers to satisfy their needs and wants
- Durable goods – car, TV, radio etc.,
- Non-durable goods – oil, milk, vegetable etc.,
- Semi durable goods – crockery etc.,
- Services – bank, doctor, teacher etc.,

## Capital goods

- Which form the capital stock of the country and which is used in the production process
- Durable goods – car used by a company for business purpose
- Stock of raw material, semi finished and finished goods at the end of the financial year which satisfy human wants indirectly



# Difference between capital and consumer goods

**Can capital goods & consumer goods mix?.....**

**Yes!**

**Example: building a taxicab or FedEx truck.... Why??**



A factory (capital good) creates a taxi car (consumer good)

**BUT**


The taxi car also provides a service to people as a taxicab (capital good)


# Identify the consumer goods and Capital goods

|   |  |   |
|---|--|---|
| plants<br>       | desk<br>       | sugar<br>    |
| strawberries<br> | baker<br>      | coal<br>     |
| doctor<br>      | spoon<br>     | nurse<br>   |
| computer<br>   | scissors<br> | school<br> |



# Home Work

- Make difference between Capital Goods and Consumer Goods.
  - OR
  - Past some Pictures of goods and services on a chart Paper
- 




Thank you. See  
you in the next  
lesson.

# Utility and its kinds

- Utility: The wants satisfying power of goods and services is called utility.
- Total utility: Is the total satisfaction received from consuming a given total quantity of goods and services is called total utility.
- Positive marginal utility : occurs when the consumption of an additional unit increases the total utility.
- Negative marginal utility : Occurs when the use of an additional unit or item decreases the total utility.
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# Characteristics of wants.

- Wants are unlimited.
  - Wants recur.
  - Wants are competitive.
  - Wants are alternative.
  - Wants are satiable.
  - Wants are complimentary.
- 


# Closure

- Key points:
- Goods and services.
- Capital and consumer goods.
- Utility.
- Total utility.
- Positive utility.
- Negative utility.

WORKSHEET

Name: \_\_\_\_\_ Date: \_\_\_\_\_


Does the person provide a good or service? Circle the correct answer.

|  |  |  |
|--|--|--|
| 1.<br><br>Good    Service   | 2.<br><br>Good    Service   | 3.<br><br>Good    Service   |
| 4.<br><br>Good    Service  | 5.<br><br>Good    Service  | 6.<br><br>Good    Service  |
| 7.<br><br>Good    Service | 8.<br><br>Good    Service | 9.<br><br>Good    Service |



# Home work.

- Choose any three questions and write in your notebook.
- What is utility?
- What are the types of Goods?
- What are consumer goods
- Define total utility.
- The continuous consumption of goods and services increase or decrease the utility?



Thank you. See  
you in the next  
lesson.