

Subject Economics
CLASS XII A and C

Teacher Ms Geeta Sabharwal

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Date 20 / April / 2020

Topic National Income
(Final goods)

* Content to be discussed:

* In today's class students will be able to understand final goods.

Types of final goods

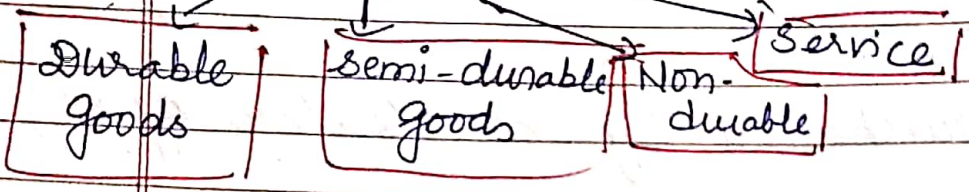
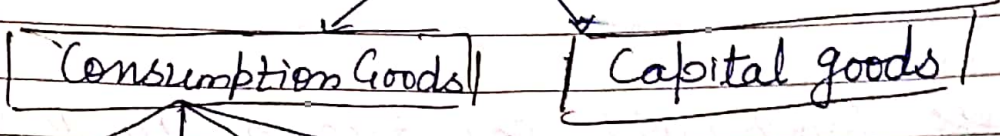
* Notes will be sent through Pdf after the class.

Mode of Teaching - Online class using Microsoft teams

* Assignment will be sent after the class.

20/11/20

FINAL GOODS



Consumption Goods

Durable goods	Semi-durable Goods	Non-durable Goods	Services
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Goods which are used again and again over a considerable period of time.

Goods used for limited period of time.
e.g, clothes, crockery, shoes

Single act of consumption
e.g milk, bread, food grains

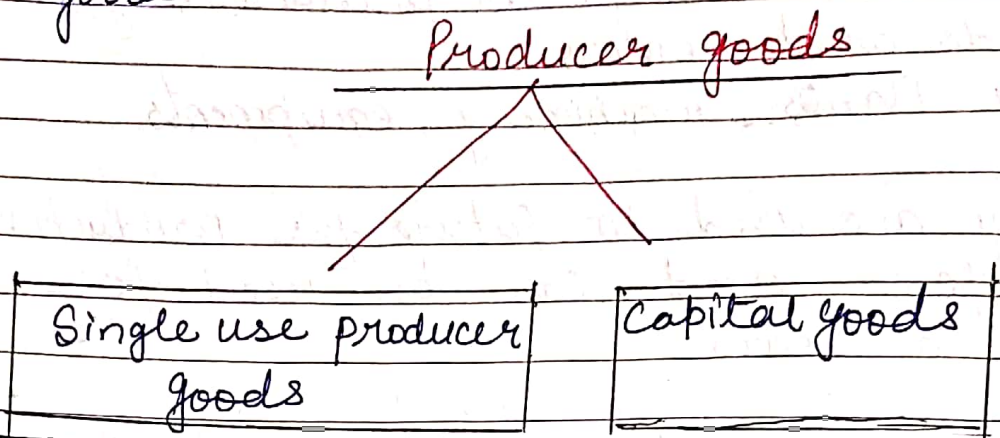
non material goods which satisfy human wants
eg doctor, bank, teacher.

Capital Goods → These are final goods which help in production of other goods and services.
eg, plants, machinery, equipments.

- * They are used in future for productive purposes and can be used for several years.
- * They do not lose their identity in production process.
- * They need replacement or repairs over a period of time (depreciate)
- * They have derived demand.

Note :- All producer goods are not capital goods but all capital goods are producer goods.

Producer goods include 2 types of goods



Single-use producer goods
 * It includes raw materials like coal, wood, etc. They are not capital goods as they cannot be repeatedly used in the production process.

Capital goods
 * It includes fixed assets like plants and machinery which can be repeatedly used in production process.

Basis	Consumption goods	Capital goods
1. Satisfaction of human wants	Goods satisfy human wants directly and have direct demand.	Goods satisfy human wants indirectly and have derived demand.
2. Production Capacity	They do not promote production capacity	They help in raising production capacity.

3. Expected life	Most consumption goods (except durable goods) have limited expected life.	Generally have an expected life for more than 1 year.
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Basis	Depreciation	Capital loss
Meaning	Fall in value of fixed assets due to normal wear and tear, passage of time or expected obsolescence.	Loss in value of fixed assets due to unforeseen obsolescence, natural calamity, theft, accident etc.
Provision of loss	Provision is made for replacement of assets as it is an expected loss.	No such provision is made in case of capital loss as it is unexpected loss.
Production process	Does not hamper production process.	It hampers production process.

Note: Depⁿ is also known as current Replacement cost, Replacement cost of fixed capital, Capital consumption allowance, consumption of fixed capital.