Economic agents and economic activities:

1. Economic agents:

Are individuals or groups that make decisions. For example, an economic agent can be a consumer, a student, a citizen, a worker, or any of us. Groups can be companies, a football team or even the government

Types of Economic Agents :

Households:(Consumers): A household is a group of people living together and make economic activities. Their primary role is consumption .For example: A family buys food and pays for electricity.

Firms :(producers) : A firm is a company that uses workers, money, and raw materials to produce goods or provide services. Its main goal is to make a profit.For example:'Toyota' is a firm that produces cars .

Example 02:'Samsung' is a firm that produces electronic devices.

Government: A public authority that regulates the economy .It provides public services such as : Public Education, Medical health care, Security and collect taxes .

Banks and financial institutions : A financial institution is an organization that helps people manage their money through services such as saving, borrowing, investing, and exchanging money.

Examples of financial institutions: banks, investment firms, and insurance companies.

(A bank is a financial institution but not all financial institutions are banks).

2. Economic Activities :

Economic activity refers to the production, supply, buying or selling of goods or services .The consumption of a good or a service in which money is exchanged is called economic activity .The purpose of Economic activity is to satisfy the needs of individuals.

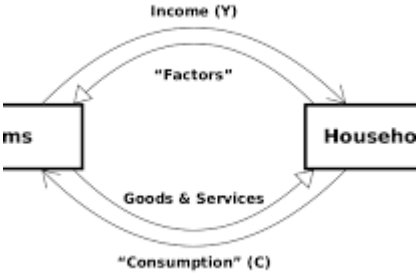
Example 01 : we constantly need food to stay alive , we satisfy this need by means of a series of Economic activities like working (eg selling clothes) and use the income to buy the food .

Example 02 : A doctor offers a service instead of physical goods he provide unwell patients with diagnosis in exchange for money .

3.The circular flow of income :

The circular flow of income is a model that shows how money moves from producers to consumers and back again. It is the interactions between households and firms .households provide labour (workers) to firms and firms pays wages(Incomes) to the households and the households uses this income to buy goods or services and the firms gain money from selling goods or services.

Who buy goods and services? Households
Who receives the profit from sales? Firms



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