



ECONOMICS

BOOKS - FULL MARKS ECONOMICS (HINGLISH)

INTRODUCTION TO ECONOMICS

Ncert Textbook Questions Solved

1. Discuss the central problems of an economy.



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2. What do you mean by the production possibilities of an economy?



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3. What is a production possibility frontier?



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4. Discuss the subject matter of economics.



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5. Distinguish between a centrally planned economy and a market economy.



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6. What do you understand by positive economic analysis?



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7. What do you understand by normative economic analysis?



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8. Distinguish between microeconomics and macroeconomics.



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9. What is meant by economy?





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10. What is economics?



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11. Why does an economic problem arise?



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12. What gives rise to an economic problem?





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13. Why does the problem of choice arise?



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14. State two features of resources that give rise to an economic problem.



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15. Which type of science is economics?



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16. What is the basic reason for economic problem in all economies?



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17. What is meant by economising of resources?



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18. What is meant by central problem of an economy?



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19. What does a rightward shift of production possibility curve indicate?



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20. Give two examples of growth of resources.



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21. Give two examples of underutilisation of resources.



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22. Define Opportunity Cost.



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23. Give the meaning of 'Opportunity Cost'.



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24. Define Marginal Rate of Transformation (MRT).



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25. Why PPC is concave to the point of origin?





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26. Define microeconomics.



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27. Give the meaning of macroeconomics.



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28. Give one/two examples of microeconomics study.



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29. Name any three variables of microeconomics.



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30. Name any three variables of macroeconomics.



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31. State any two central problems under 'problem of allocation of resources'.



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32. The law of scarcity

A. Does not apply to rich, developed countries.

B. Applies only to the less developed countries.

C. Implies that consumers' wants will be satisfied in a socialistic system.

D. Implies that consumers' wants will never be completely satisfied.

Answer: d



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33. The central problem in economics is that of

A. 1. Comparing the success of command versus market economies.

B. 2. Guaranteeing that production occurs in the most efficient manner.

C. 3. Guaranteeing a minimum level of income for every citizen.

D. 4. Allocating scarce resources in such a manner that society's unlimited needs or wants are satisfied in the best possible manner.

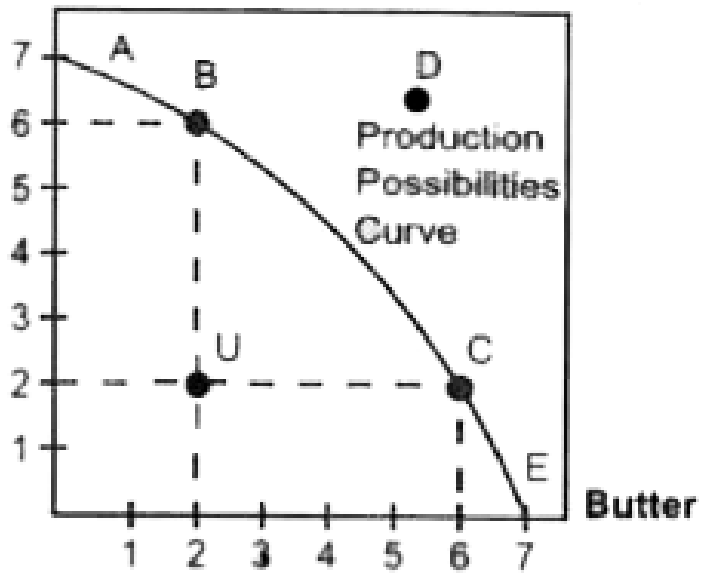
Answer: d



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34. Which one of the following bundles of goods cannot be produced with the resources

the economy currently has?



A. A

B. B

C. C

D. D

Answer: d



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35. An economy achieves "productive efficiency" when:

A. Resources are employed in their most highly valued uses.

B. The best resources are employed.

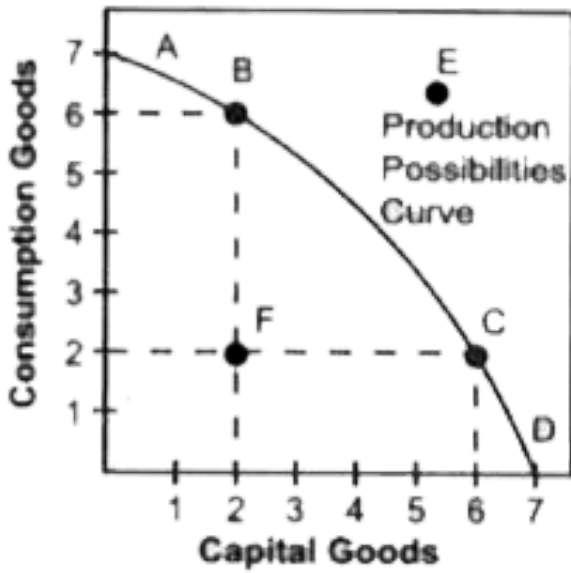
C. The total number of produced goods is the greatest.

D. Goods and services are produced at least cost and no resources are wasted.

Answer: d



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36.

Which point on PPF shows a "productively efficient" level of output?

A. A

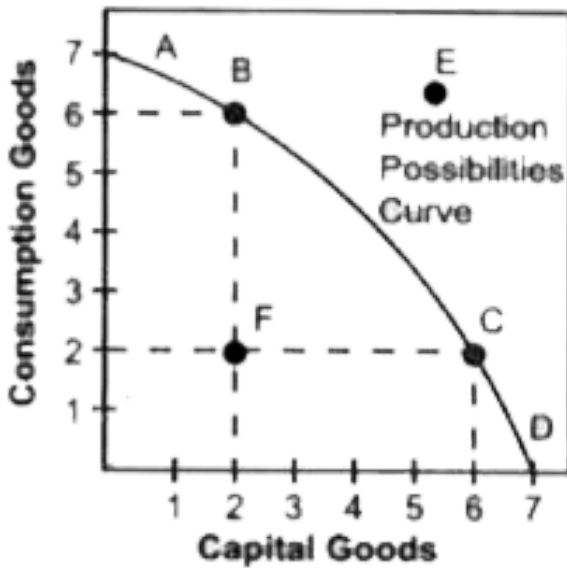
B. B

C. C

D. All of the above.

Answer: d

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37.

Which of the following clearly represents a

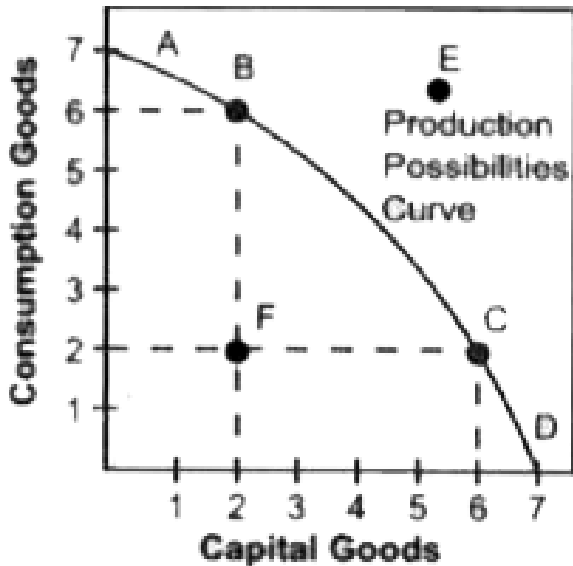
movement toward greater productive efficiency?

- A. A movement from point A to point B.
- B. A movement from point C to point D.
- C. A movement from point F to point C.
- D. A movement from point E to point B.

Answer: c



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38.

Which one of the following alternatives illustrate a decrease in unemployment using the PPF?

A. A movement down along the PPF.

B. A rightward shift of the PPF.

C. A movement from a point on the PPF to a point inside the PPF.

D. A movement from a point inside the PPF to a point on the PPF.

Answer: d



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39. If the PPF is linear, i.e., a straight line, which one of the following statements is true?

- A. As the production of a good increases, the opportunity cost of that good rises.
- B. As the production of a good increases, the opportunity cost of that good falls.
- C. Opportunity costs are constant.
- D. The economy is not at full employment when operating on the PPF.

Answer: c



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40. Which one of the following statements is a reason for the negative slope of PPF?

A. The inverse relationship between the use of technology and the use of natural resources.

B. Scarcity at any point of time due to limited amounts of productive resources.

C. Resource specialisation.

D. Increasing opportunity costs.

Answer: b



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41. Capital intensive technique is chosen in a

- A. 1.Labour surplus economy.
- B. 2.Capital surplus economy.
- C. 3.Developed economy.
- D. 4.Developing economy.

Answer: b



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42. Labour intensive technique is chosen in a

A. 1.Labour surplus economy.

B. 2.Capital surplus economy.

C. 3.Developed economy.

D. 4.Developing economy.

Answer: a



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43. If the marginal (additional) opportunity cost is a constant, PPC would be

- A. Convex.
- B. A straight line.
- C. Backward bending.
- D. Concave.

Answer: b



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44. The branch of economic theory that deals with the problem of allocation of resources is

- A. 1. Microeconomic theory.
- B. 2. Macroeconomic theory.
- C. 3. Econometrics.
- D. 4. None of them.

Answer: a



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45. Which one of the following options is likely to cause an inward shift in a country's PPC?

A. Earthquake destroying resources of the country.

B. Scientists discovering new machines.

C. Workers getting jobs in a new metroproject.

D. The country finds new reserves of crude oil.

Answer: a



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46. The various combinations of goods that can be produced in any economy when it uses its available resources and technology efficiently are depicted by

A. 1.Demand curve.

B. 2.Production curve.

C. 3.Supply curve.

D. 4.Production possibilities curve.

Answer: d



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47. Scarcity is a situation in which

A. 1.wants exceed the resources available to satisfy them

B. 2.something is being wasted

C. 3.people are poor

D. 4.none of them.

Answer: a



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48. Production Possibilities Curve is also known as

- A. 1.Demand curve.
- B. 2.Supply curve
- C. 3.Indifference curve
- D. 4.Transformation curve

Answer: d



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49. A lot of people die and many factories are destroyed due to floods in a country. How will it affect the production possibility curve?

- A. PPC will shift towards right
- B. PPC will shift towards left.
- C. PPC will remain the same
- D. None of the above.

Answer: b



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50. Which of the following is not a subject matter of microeconomics?

- A. 1.Consumer's behavior
- B. 2.Market structure
- C. 3.Monetary Policy
- D. 4.Pricing of factor services

Answer: c



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51. Which of the following is an assumption of Production Possibility Frontier?

- A. Resources are not fully employed.
- B. Resources are not equally efficient for production of the two goods.
- C. Resources are not efficiently employed.

D. Resources available are not fixed.

Answer: b



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52. Why does an economic problem arise?



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53. State any two causes of economic problem.



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54. State two characteristics of the economic resources which give rise to economic problem.



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55. Why does the problem of choice arise?



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56. Explain three factors that lead to an economic problem.



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57. Give reasons for the following statements:

(i) Every economy has to make the decision relating to what to produce.

(ii) Problem of choice arises because available resources have alternative uses.



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58. Why do all economies have similar central problems?



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59. Discuss the central problems of an economy.



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60. Draw and define a production possibility curve. Why is it downward sloping left to right ?

Or

Why is PPC concave to the origin? Explain.



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61. State the assumptions on which a PP curve is based. Also explain its properties. Use diagraphme





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62. Does production take place only on PPC?



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63. "An economy always produces on but not inside PPC. Defend or refute."



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64. Why is Production Possibilities Curve concave? Explain



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65. Give reasons for the following statements:

(i) A production Possibility Frontier is always a downward sloping concave curve.

(ii) An efficient economy would always produce a combination of goods that lies on the given Production Possibility Frontier.

(iii) Growth of an economy is represented in the form of a rightward shift of a Production Possibility Frontier.



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66. Explain the meaning of opportunity cost with the help of production possibility schedule.



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67. Define MOC. Explain the concept with a hypothetical numerical example.



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68. Consider the following statement- An economy always manages to meet all the needs of the people living in the country.



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69. In the context of an economy when we talk about 'scarcity', we refer to short supply of land.



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70. Economic problem arises due to plenty of resources.



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71. Because of destruction caused by war, a country's PPF will shift to the left.



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72. A job guarantee scheme will lead to a rightward shift of PPF.



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73. If a PPF shifts to the right, the new PPF will be parallel to the original.



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74. A 'production Possibility Frontier' (PPF) is always represented as a upward sloping curve.



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75. If the economy operates inside PPC, it shows full utilisation of resources.



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76. Growth of resources shifts PPC towards left.



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77. PPC is concave shaped as production of one good can be increased only by reducing quantity of another good.



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78. Economy can never operate outside PPC with the given resources and technology.



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79. Economy always operates on PPC.



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80. Define Marginal Opportunity cost.



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81. How does Maruti Udyog Ltd. Fix the prices of its cars, is it studied in macroeconomics?



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82. Whether the cotton textile industry is an example of micro or macroeconomics?



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83. "Scarcity and choice go all together"
Defend or refute.



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84. "Only 'Scarce Goods' attract price."

Comment.



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85. A lot of people die and many factories are destroyed due to floods in a country. How will it affect the production possibility curve?



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86. Massive unemployment will shift PPC to the left. Defend or refute.



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87. A country's resources are fully and efficiently employed. The problem of scarcity exists. What advice would be given to raise the efficiency level of the human resource to fight scarcity?



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88. In an underdeveloped economy why there is the need of efficient utilization of resources?



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89. India is a labour abundance and capital scarce economy. Which technique of production should be used to produce the commodity?



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90. A water resources are limited in our country, how can we economise the water resources so that it could not cause a future problem for us? Give any two suggestions.



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91. Scarcity of resources is a universal phenomenon and is not confined to poor and backward countries only. Comment.



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92. The problems of scarcity of resources and their alternate uses arise everywhere but particularly in backward countries. For their solution non-economic considerations can be stressed. How?



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93. Although water is useful, yet it is cheap. On the contrary, diamond is not much of use, still

it is very expensive. Give an economic reason for this paradox.



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94. Why is it that on one hand coal is found in plenty, yet it is scarce while on the other, a rotten vegetable is rare but not scarce?



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95. A farmer is getting more profit by producing opium rather than that of wheat. In situation of famine which crop should be produced?



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96. Large number of technical training institutions have been started by the government. State its economic value in the context of production possibility frontier.





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97. Unemployment is reduced due to the measures taken by the government. State its economic value in the context of production possibilities frontier.



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98. The government has started promoting foreign capital. What is its economic value in

the context of Production Possibilities Frontier?



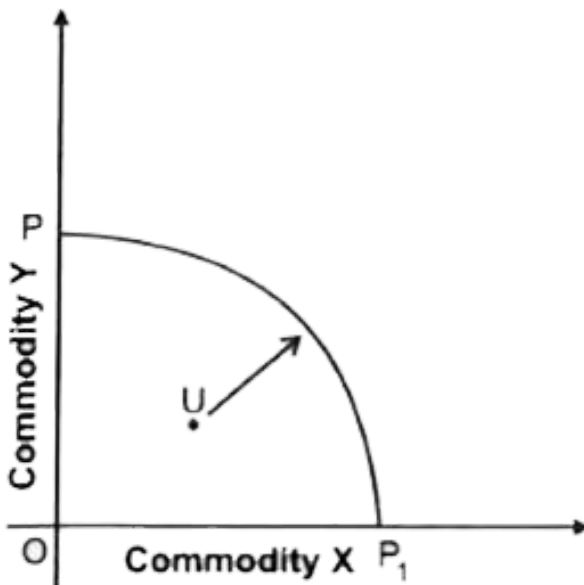
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99. Name the economic value achievable when attempts are made to increase resources in the country.



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100. Production in an economy is below to its potentiality due to unemployment. Government starts employment generation schemes. Explain its effects by using production possibility curve.



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101. There are various sources of income a teacher has, such as,

(i) He can earn Rs. 40000 from teaching in school.

(ii) He can earn Rs. 50000 by tuition/coaching

(iii) He earns Rs. 60000 by writing the help book guides.

What is the opportunity cost of his teaching in school? Why should he choose teaching profession?



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102. Economic slowdown in some parts of the world has adversely affected demand for Indian exports. What will be its effect on the production Possibilities frontier of India? Explain.



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103. Using a diagram explain what will happen to the PPC of Bihar if the river Kosi causes widespread floods?



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104. A teacher is getting Rs. 6,000 per month as salary. If he leaves the job and starts tuition work, he is expected to earn Rs. 5,000 per month. What would be his opportunity cost?



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105. A doctor has a private clinic in New Delhi and his annual earnings are Rs. 10 lakh. If he

works in a government hospital in New Delhi, his annual earning will be Rs. 8 lakh. What is the opportunity cost of having a clinic in New Delhi?



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106. With the same amount of resources a farmer can feed the following combination of goats and horses:

	Goats	Horses
Option I	168	44
Option II	150	50

Taking into consideration the options available with him, find out the opportunity cost of the farmer of feeding one horse.



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107. Why is production possibility curve also called opportunity cost curve?



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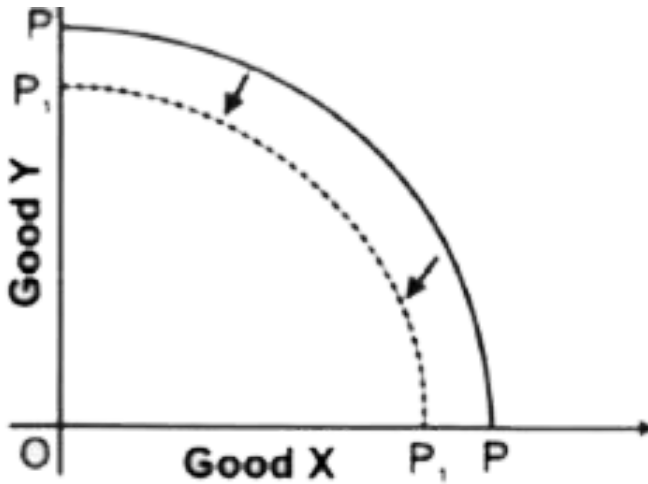
108. What will be the impact of recently launched 'Clean India Mission' (Swachh Bharat Mission) on the Production Possibilities curve of the economy and why?



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109. What will likely be the impact of large scale outflow of foreign capital on Production

Possibility Curve of the economy and why?



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110. What is likely to be the impact of 'Make in India' appeal to the foreign investors by the Prime Minister of India, on the production Possibilities frontiers of India? Explain.



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111. What is likely to be the impact of efforts towards reducing unemployment on the production potential of the economy? Explain.



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112. Giving reason comment on the shape of Production Possibilities curve based on the

following schedule.

Good X (Units)	Good Y (Units)
0	10
1	9
2	7
3	4
4	0



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113. Giving reason comment on the shape of production Possibilities curve based on the

following schedule.

Good X (Units)	Good Y (Units)
0	8
1	6
2	4
3	2
4	0



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114. Giving reason comment on the shape of production Possibilities curve based on the

following schedule.

Good X (Units)	Good Y (Units)
0	30
1	27
2	21
3	12
4	0



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115. Giving reason comment on the shape of Production Possibilities curve based on the

following schedule.

Good X (Units)	Good Y (Units)
0	16
1	12
2	8
3	4
4	0



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116. A doctor has a private clinic in city X and his annual earnings are 15 lakh. If he works in a government hospital, his earnings are 10 lakh.

What is the opportunity cost of having clinic in city X?





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117. Although water is useful, yet it is cheap. On the contrary, diamond is not much of use, still it is very expensive. Give an economic reason for this paradox.



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118. What do you mean by the production possibilities of an economy?



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119. Define Marginal Rate of Transformation (MRT).



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120. State whether the following statements are true or false. Given reason.

(i) Massive unemployment will shift PPF towards left.

(ii) An economy cannot operate outside PPF.

(iii) Study of cotton textile industry is a macroeconomic study.



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121. Define: (i) Economy, (ii) Economics, (iii) Economic problem.



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122. Suppose you have to practice questions and answers for two subjects : economics and

mathematics. You have 8 hours to study. You are very good at answering multiple choice questions in economics : 20 questions per hour, while you are not that good in answering such questions in mathematics: 12 questions per hour. Derive your production possibility schedule and plot it.



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