



# **ECONOMICS**

**BOOKS - GOYAL BROTHERS**

**PRAKASHAN ECONOMICS (HINGLISH)**

**CONCEPTS OF OPPORTUNITY COST**

**AND PRODUCTION POSSIBILITIES**

**FRONTIER**

**Short Answer Question I**

1. Explain briefly the concept of opportunity cost.



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2. State any three assumptions on which a typical PP frontier is based.



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**3.** Explain the concept of Marginal opportunity cost by giving a a numerical example.



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**4.** Draw PP frontiers when marginal opportunity Cost is (i) increasing , and (ii) constant .



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5. Explain what happens to a PP frontier when resources increases. Use diagraph



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6. Explain how the central problem of 'what to produce' is represented on a PP frontier. Use diagraph



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7. How is enemployment of resources represented with the help of PP frontier. Use diagraphame



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## Short Answer Question li

1. Explain the concept of opportunity cost by giving a suitable illustration.



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2. Calculate marginal rate of Transformation of goods X .

<i>Production of Good X (Units)</i>	<i>Production of Good Y (Units)</i>	<i>Marginal Rate of Transformation</i>
0	15	—
1	14	
2	12	
3	9	
4	5	
5	0	



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3. What is a PP schedule ? Prepare a typical PP schedule .



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4. Prepare a PP schedule assuming that the marginal opportunity cost is constant. Also, comment on the shape of the PP curve.



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5. Explain briefly what happens to PP frontier when (a) resources increase, and (b) resources decreases. Use diagraph.



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## Long Answer Question

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



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## Some Important Question



1. Give meaning of opportunity cost.



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2. What does a production possibility frontier show ? When will it shift to the right ?



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3. Draw and define production possibility frontier. Why is it downwards sloping from left

to right ?



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4. Draw a production possibility frontier. What does a point below this curve indicate ? Explain.



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5. Why is PP curve concave ?



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6. Unemployment is reduced due to measures taken by government. State economic value in the context of production possibility frontier.



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7. Government has started promoting foreign capital. What is economic value in the context of production possibilities frontier.



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8. Large number of technical training institutions have been started by government. State is economic value in the context of production possibilities frontier.



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9. Name the economic value achieved through the spread of education in the context of production potential.



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## Value Based Question

1. There is unemployment in the country. The government launches employment guarantee schemes. Explain the effect of this action of the government using the production possibilities curve.



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2. People of a country are becoming more and more aware of the importance of education. Explain its effect on the production potential of the country using the production possibilities frontier.



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3. The country lacks capital needed to raise national income of the country. Government initiates policies favouring globalisation to

attract foreign capital. Explain the effect of these policies using production possibilities curve



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4. Explain the effect of upgradation of technologies on the production potential of the country. Use diagraph.



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5. The economy has reached the production capacity it has present. There is, however, goods scope for increasing the efficiency levels through promotion of education and training. Explain its effect . Use diagraeme



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6. 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 frontier of India ? Explain.



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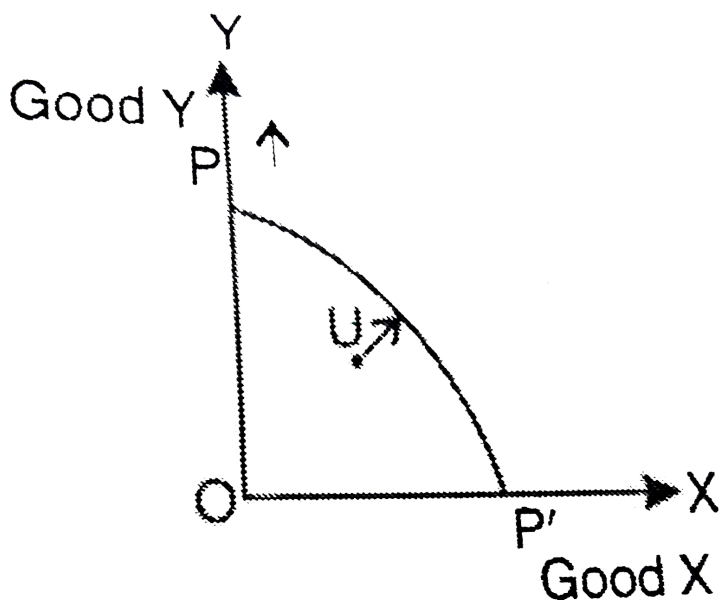
## Understanding Based On Question

1. What is opportunity cost ? Explain with the help of a numerical example.



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2. Production in an economy is below its potential due to unemployment. Government starts employment generation schemes. Explain its effect using production possibility curve.



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3. Explain the central problem 'for whom to produce'.

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4. Why is production possibilities curve concave ? Explain.

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5. 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 frontier of India ? Explain.



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