



INDIAN SCHOOL AL WADI AL KABIR

Class: XI	Department: Commerce
Worksheet: 1	Topic: Introduction to Micro Economics

- Scarcity of resources gives rise to:
 - Problem of choices
 - Problem of distribution
 - Problem of consumption
 - None of these
- The central problem of "How to produce" is related to:
 - Distribution of income
 - Choice of technique
 - Selection of products
 - None of these
- Production Possibility Curve (PPC) shows:
 - Maximum production possible
 - Minimum production possible
 - Combination of two goods that can be produced
 - None of these
- The opportunity cost of a resource is:
 - The cost of using it in the best alternative use
 - The actual cost of production
 - The market price
 - None of these
- The problem of "For Whom to Produce" is concerned with:
 - Production technology
 - Distribution of goods and services
 - The scale of production
 - None of these
- If the PPC moves to the right, it indicates:
 - Reduction in resources
 - Growth of resources
 - Efficient use of resources
 - Inefficient use of resources
- Which of the following statements about the marginal cost is true?
 - When there is an increase in the marginal cost, the production possibility curve is concave to the origin
 - When there is an increase in the marginal cost, the production possibility curve is

- convex to the origin
- (c) When there is an increase in the marginal cost, the production possibility curve is similar to the origin
- (d) None of the above
8. What are the causes of Economic problems?
- Unlimited human wants
 - Scarcity of economic resources
 - Alternative uses of resources
 - All of the above
9. "Rich people should be taxed more", is an example of _____ Economic Analysis
- Positive
 - Productive
 - Normative
 - None
10. Positive Economics deals with _____
- As they are
 - They ought to be
 - Both A and B
 - None of the above

ASSERTION AND REASONING QUESTIONS:

- Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
 - Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A).
 - Assertion (A) is true but Reason (R) is false.
 - Assertion (A) is false but Reason (R) is true.
1. Assertion (A): Economic problem arises when no alternative use is available.
Reason (R): Choosing one alternative and not choosing the other is a problem of choice.
A: (d)
2. Assertion (A): The PPC is always concave to the origin.
Reason (R): Marginal Opportunity Cost (MRT) increases as we move along the PPC.
A: (a)
3. Assertion (A): Positive economics deals with 'what ought to be'.
Reason (R): Positive statements are based on facts and figures.
A: (d)

CASE BASED QUESTIONS:

Read the following case study paragraph carefully and answer the questions on the basis of the same.

Efficiency in production means productivity i.e. output per unit of an input. Let the input be worker. Suppose an economy produces only two goods X and Y. Suppose a worker is employed in production of X because he is best suited for it. The economy decides to reduce production of X and increase that of Y. The worker is transferred to Y. He is not

that efficient in production of Y as he was in X. His productivity in Y will be low, and so cost of production high.

The implication is clear that if the resources are transferred from one use to another, the less and less efficient resources will be transferred leading to rise in the marginal opportunity cost which is technically termed as marginal rate of transformation.

a) If Marginal Opportunity Cost is increasing then the shape of PPC will be -----.

b) Why PPC is sloping downwards from left to right?

c) Marginal opportunity cost is technically known as -----.

d) Assertion (A): The PPC is downward sloping from left to right.

Reason (R): To produce more of one good, resources must be transferred from the production of another good.

e) What do you understand by Production Possibility Curve (PPC)? Mention the main features of PPC using diagram.