

Important Questions for Class 12 Economics

Introductory Microeconomics Chapter 1 – Introduction

Multiple choice and Very Short Answer Questions

1 Mark

1. Which of the following is a statement of normative nature in economics?

- (a) Economics is the study of choices/alternatives.
- (b) Government should be concerned with how to reduce unemployment
- (c) According to an estimate, in spite of severe shortage, more than 10% of houses in Indian cities are lying vacant.
- (d) Accommodation of Refugees is posing a big problem for the Europe.

2. Define scarcity.

Ans:

3. A growth of resources in an economy is shown on PP by:

- (a) Leftward Shift
- (b) Unchanged PPC
- (c) Rightward Shift
- (d) None of the above

Ans

4. Name the three central problems of an economy.

Ans:

5. What is meant by economising of resources?

Ans:

6. Define Normative Economics with a suitable example.

Ans

7. Give two examples each of micro and macroeconomics.

Ans:

8. What does a point inside the PPC indicate?

Ans:

9. Define marginal rate of transformation.

Ans

10. What is the opportunity cost?

Ans:

11. The basic assumption regarding resources while drawing a PPC is

- (a) Resources are unlimited
- (b) Resources depend on the kind of goods produced
- (c) Resources can be put to a particular use
- (d) Resources are constant and given

Ans:

12. What is the other name for opportunity cost in economics?

- (a) Economic problem
- (b) Marginal cost
- (c) Total Cost
- (d) Economic cost

Ans:

13. In a centrally planned economy, the central problems are solved by

- (a) Supply of goods
- (b) Demand for goods
- (c) Market mechanism
- (d) Planning authority

Ans

14. In a market economy, the central problems are solved by

- (a) Demand for goods
- (b) Supply of goods
- (c) Planning authority
- (d) Market mechanism

Ans:

15. The study of the jute industry is a macroeconomic study. This statement is

- (a) Conditional
- (b) True
- (c) Can't say
- (d) False

Ans:

Short answer Questions

3 Marks

16. Does massive unemployment shift the PPC to the left?

Ans:

17. From the following PP schedule calculate MRT of good x.

Production possibilities	A	B	C	D	E
Production of good x units	0	1	2	3	4
Production of good y units	14	13	11	8	4

Ans:

18. What does the problem for whom to produce refer to?

Ans:

Long Answer Questions

6 Marks

21. What is the production possibility frontier?

Ans:

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

Ans:

20. Why is a Production Possibility Curve (PPC) concave? Explain.

Ans

22. Draw a production possibility curve and mark the following situations.

- a. Underutilization of resources
- b. Full employment of resources
- c. Growth of resources

Ans

23. What is the difference between a planned economy and market economy?