



# INDIAN SCHOOL AL WADI AL KABIR

<b>Class: XII</b>	<b>Department: Commerce</b>
<b>Worksheet: 1</b>	<b>Topic: INTRODUCTION TO MICRO ECONOMICS</b>

## Assertion n Reasoning Questions:

### Alternatives:

- 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, but 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.

- Assertion (A):** Economics is the study of management of human resources in the presence of scarcity of resources.

**Reason (R):** Resources are not scarce always but they are scarce in relation to the human wants

- Assertion (A):** Study of the central problem of “how to produce” depends upon the problem of choice of “what to produce”.

**Reason (R) :** All the central problems of an economy are interdependent on each other.

## 1. CASE BASED:

*The state of technology is taken to be constant. Since the production of one commodity can be increased only by decreasing the production of the other commodity, PPC also measures the production efficiency of the commodities. The PPF helps in deciding the commodities most beneficial to society but this response is limited in itself as there is a choice between two commodities only.*

Answer the following questions on the basis of the above case:

- What is the shape of Production possibility frontier and comment on its shape.
- Can the economy operate outside PPC with the given resources and technology?
- Draw and explain Production possibility curve.

## 2. CASE BASED:

*Scarcity refers to the situation, when wants exceed the available resources. As a result goods are not readily available and society does not have enough*

*resources to satisfy all the wants of its people. Scarcity is universal. Scarcity of resources call for economizing of resources. There is a need to economize, as we have to satisfy out unlimited wants out of limited resources.*

**Answer the following questions on the basis of the above case:**

1. The law of scarcity:
  - a. Does not apply to rich, developed countries
  - b. Applies to only less developed countries
  - c. Implies that consumers want will be satisfied in a socialistic system.
  - d. Implies that consumer's wants will never be completely satisfied.
2. What is meant by economizing the resources?
3. The word Economics is most closely connected with the word:
  - a. Free
  - b. Scarcity
  - c. Unlimited
  - d. Restricted

1. Suppose that you have to decide between seeing a movie and going to see a cricket match on a particular Saturday evening. You are willing to pay ` 500 to see the movie. You are willing to pay 1,500 for the cricket match. The opportunity cost of going to the movie is
  - a. 1,000
  - b. 500
  - c. 1,500
  - d. None of these

2. Which of the following pair is incorrect?

Column I	Column II
A. Mixed economy	(i) Market forces of demand and supply
B. Central problems of an economy	(ii) Scarcity of resources
C. Opportunity cost	(iii) Cost of next best alternative lost
D. Capitalist economy	(iv) Central problems are dealt by industrialist

**Codes:**

- (a) A-(i)
- (b) B-(ii)
- (c) C-(iii)
- (d) D-(iv)

3. During the covid-19 pandemic, there was nation-wide lockdown which led to migration of labour across states. State government should have taken necessary steps to reduce the migration of people. This statement indicates
  - (a) Normative statement
  - (b) Positive statement
  - (c) General statement
  - (d) None of the above
  
4. Which of the central problem is related to selection of techniques of production?
  - (a) What to produce?
  - (b) How to produce?
  - (c) For whom to produce?
  - (d) None of these
  
5. Scarcity requires that people must do which of the following things?
  - (a) Trade
  - (b) Cooperate
  - (c) Make choices
  - (d) Competition
  
6. The most fundamental economic problem is related to:
  - (a) Scarcity of resources
  - (b) Unlimited human wants
  - (c) Both (a) and (b)
  - (d) Neither (a) nor (b)
  
7. The slope of a production possibility curve falls:
  - a. From left to right
  - b. From right to left
  - c. From top to bottom
  - d. From bottom to top
  
8. Which of the following is not concerned with economic problem?
  - a. Excessive income.
  - b. Alternative use of resources.
  - c. Unlimited wants.
  - d. Scarce resources.
  
9. In which of the following situations does scarcity arise?
  - a. Supply of resources > Demand for resources
  - b. Demand for resources > Supply of resources
  - c. Demand for resources = Supply of resources
  - d. All of these
  
10. The Government does not interfere in decision making under:
  - a. Centrally Planned Economy.
  - b. Market economy.
  - c. Mixed Economy.
  - d. None of these.

11. A statement which does not offer any suggestion is called:

- a. Positive statement
- b. Normative statement.
- c. Both a and b
- d. None of these

12. Normative economics deals with:

- a. Facts
- b. Opinions
- c. Both of them
- d. None of these