

INTRODUCTION OF ECONOMICS

1. Which of the following is one of the major causes of economic problems?
 - a. One of the major causes of economic problems is unlimited human wants
 - b. One of the major causes of economic problems is the alternative usage of resources
 - c. One of the major causes of economic problems is the scarcity of economic resources
 - d. All of the above
2. Which of the following statements about the production possibility curve is accurate?
 - a. The main reason for the rightward shift of the production possibility curve is war
 - b. The main reason for the rightward shift of the production possibility curve is migration
 - c. The main reason for the rightward shift of the production possibility curve is skill development programmes
 - d. The main reason for the rightward shift of the production possibility curve is natural disasters
3. Which of the following statements about the production possibility frontier is accurate?
 - a. The production possibility frontier can be a straight line when there is a decrease in the production of both goods
 - b. The production possibility frontier can be a straight line when more amount of both the goods can be produced
 - c. The production possibility frontier can be a straight line when all the resources are equally efficient for the production of both the goods
 - d. None of the above
4. Which of the following statements about the marginal cost is true?
 - a. When there is an increase in the marginal cost, the production possibility curve is concave to the origin
 - b. 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
5. Which of the following statements about the economy is correct?
 - a. An economy is a system that helps in the production of goods and also enables people to earn a living
 - b. An economy is a system that helps in the production of services and also enables people to earn a living
 - c. Both a and b are correct
 - d. Both a and b are incorrect
6. Which of the following statements reflect the correct situation related to the allocation of the resources?

- a. Allocation of the resources comes under the causes of economic problems
 - b. Allocation of the resources comes under the causes of opportunity cost
 - c. Allocation of the resources comes under the causes of central problems
 - d. Allocation of the resources comes under the causes of marginal demand
7. Which of the following conclusions is true about the statement 'Rich people should be taxed more'?
- a. The statement 'rich people should be taxed more is an example of positive economic analysis
 - b. The statement 'rich people should be taxed more is an example of productive economic analysis
 - c. The statement 'rich people should be taxed more is an example of normative economic analysis
 - d. The statement 'rich people should be taxed more is an example of negative economic analysis
8. Which of the following statements reflects the actual relationship between the marginal opportunity cost and production possibility frontier?
- a. When the marginal opportunity cost remains constant, the production possibility frontier is a downward sloping straight line
 - b. When the marginal opportunity cost remains constant, the production possibility frontier is an upward sloping straight line
 - c. When the marginal opportunity cost remains constant, the production possibility frontier is a central sloping straight line
 - d. There is no relation between the marginal opportunity cost and the production possibility frontier
9. Which of the following statements is the actual meaning of scarcity?
- a. The actual meaning of scarcity is that there is an increase in the resources
 - b. The actual meaning of scarcity is that there is a shortage in the resources
 - c. The actual meaning of scarcity is that there is no change in the resources
 - d. None of the above
10. Which of the following statements about the production possibility curve is true?
- a. If a point falls inside the production possibility curve, it indicates that the resources are over utilised
 - b. If a point falls inside the production possibility curve, it indicates that the resources are underutilised
 - c. If a point falls inside the production possibility curve, it indicates that there is adequate employment in the economy
 - d. If a point falls inside the production possibility curve, it indicates that there is inadequate employment in the economy
11. Which of the following is a sign of a free economy?
- a. The prices are regulated
 - b. The prices are partly regulated
 - c. The prices are determined with the help of the forces of demand and supply
 - d. None of these

12. Which of the following is a part of microeconomics?
- a. Factor pricing
 - b. National income
 - c. Both a and b are correct
 - d. Both a and b are incorrect
13. Which of the following is true, according to Robbins?
- a. Means are undefined
 - b. Means are scarce
 - c. Means are unlimited
 - d. All of the above
14. In which economy do consumers and producers make choices based on market forces of supply and demand?
- a. Market economy
 - b. Open economy
 - c. Controlled economy
 - d. Command economy
15. The branch of economics that deals with the allocation of resources is _____.
- a. Econometrics
 - b. Macroeconomics
 - c. Microeconomics
 - d. None of the above

Answers

1. (d)	2. (c)	3. (c)	4. (a)	5. (c)	6. (c)	7. (c)	8. (a)
9. (b)	10. (b)	11. (c)	12. (a)	13. (b)	14. (a)	15. (c)	