Building Blocks in Economics: The Problem of Choice

Standard difficulty · 20 questions · 40 marks · Time: 37 minutes

Name: _____ Date: _____ Score: ____ / 40

Write full answers in Sections B and C. Answers are on the last page — try every question first!

Section A — Choose the correct answer — 8 × 1 = 8 marks

1. The value of the next best option given up when making a choice is the:
   (a) profit **(b)** tax
   (c) market price **(d)** opportunity cost

2. In the book, Japan is an example of which kind of economy?
   (a) market **(b)** colonial **(c)** feudal **(d)** barter

3. Which production method usually suits car manufacturing?
   (a) energy-free **(b)** land-intensive
   (c) labour-intensive **(d)** capital-intensive

4. What is meant by “market”?
   (a) a place where goods are bought and sold
   (b) how a country produces, consumes and moves money
   (c) goods everyone can use
   (d) facts and figures for analysis

5. In a PPC table like the book’s, moving from C (50 kg barley, 90 kg wheat) to D (75 kg barley, 62 kg wheat): how much wheat is given up?
   (a) 90 kg **(b)** 25 kg **(c)** 38 kg **(d)** 28 kg

6. A family earns ₹43,000 a month and spends 55% on essentials and saves 15%. How much is left for non-essentials?
   (a) ₹19,350 **(b)** ₹6,450 **(c)** ₹23,650 **(d)** ₹12,900

7. Sana has ₹80 and can buy either a book for ₹50 or a game for ₹80. If the book is bought, how much money is left for anything else?
   (a) ₹30 **(b)** ₹80 **(c)** ₹50 **(d)** ₹130

8. Which example does the book use for the question “how to produce”?
   (a) sugarcane or millets **(b)** highways or hospitals
   (c) by workers or by machines **(d)** tea or coffee

Section B — Short answer — 8 × 2 = 16 marks

9. What is the difference between needs and wants?

10. Planned, market or mixed, as the book classifies them? (a) Cuba (b) India after 1991

11. Labour-intensive or capital-intensive? (a) car manufacturing (b) handicrafts

12. Explain each term: (a) scarcity (b) economy

13. In a PPC table (A: 0 kg barley, 162 kg wheat; B: 10 kg barley, 152 kg wheat; C: 20 kg barley, 128 kg wheat; D: 30 kg barley, 88 kg wheat; E: 40 kg barley, 30 kg wheat), moving from D to E gives 10 kg more barley and 58 kg less wheat. What is the opportunity cost of 1 kg of barley here?

14. A family earns ₹27,000 a month. It spends 49% on essentials and 18% on non-essentials, and saves the rest. How much does it save, and what is one opportunity cost of saving?

15. A library has 3 copies of a book and 9 students want it. How many students must wait, and what economic problem does this show?

16. India’s economic reforms began in 1991. How many years before 2009 was that, and what kind of economy did India move towards?

Section C — Longer answers — 4 × 4 = 16 marks

17. Explain scarcity and choice with an example.

18. Match each with its kind of economy: (a) Sweden (b) Hong Kong (c) North Korea. Choose from: mixed; planned; market.

19. A family earns ₹81,000 a month: 60% on essentials, 20% saved, the rest on non-essentials. (a) How much for each? (b) If prices of essentials rise, what choice might the family make? (c) What is the opportunity cost of saving?

20. Compare a mixed economy (like Germany) with a planned economy (like Cuba): who decides what to produce, and one advantage of each.

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Answer key

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Q	Answer	Working
1	(d) opportunity cost	—
2	(a) market	—
3	(d) capital-intensive	—
4	(a) a place where goods are bought and sold	—
5	(d) 28 kg	90 − 62
6	(d) ₹12,900	30% of 43,000
7	(a) ₹30	80 − 50
8	(c) by workers or by machines	—
9	Needs are essentials like food, water and shelter; wants are extras like gadgets and holidays.	—
10	(a) planned (b) mixed	—
11	(a) capital-intensive (b) labour-intensive	—
12	(a) limited resources against unlimited wants (b) how a country produces, consumes and moves money	—
13	5.8 kg of wheat	58 ÷ 10
14	₹8,910; the things it could have bought now with that money.	33% of 27,000
15	6 students; scarcity: wants are greater than the resources available.	9 − 3
16	18 years; a more market-oriented mixed economy	2009 − 1991
17	Wants are unlimited but resources are limited, so we must choose; a family must decide how to split its income between essentials, extras and savings.	—
18	(a) mixed (b) market (c) planned	—
19	(a) essentials ₹48,600, savings ₹16,200, non-essentials ₹16,200 (b) spend less on non-essentials or save less (c) the things they could have bought with that money now.	—

Q	Answer	Working
20	**mixed: both state and markets decide; planned: the state decides. Advantages from the chapter.**	—