



INDIAN SCHOOL MUSCAT
SENIOR SECTION
DEPARTMENT OF COMMERCE AND HUMANITIES
CLASS XI –MICRO ECONOMICS
INTRODUCTION
WORKSHEET 1

I. Answer in one sentence each

1. Define goods.
2. Distinguish between goods and services.
3. What do you understand by 'individual' in economics?
4. What does 'allocation of resources' mean?
5. Define 'scarcity' in economics.
6. Define positive economics.
7. A farmer has a piece of land that can produce Rs.7500 worth of cotton or Rs. 7000 worth of wheat or Rs. 6000 worth of paddy or Rs. 8000 worth of vegetable. If he decides to use the land for the cultivation of vegetables, the opportunity cost of producing vegetable is:
A. Rs.5000 B. Rs.7000 C. Rs.8000 D. Rs.6000

8. Identify the matching pair of statement from the following:

A. Production Possibility Curve	I. Curve that shows all possible combinations of the two goods that consumer can buy with at a given price.
B. Marginal Rate of Transformation	II. The amount of one good sacrificed for the production of one more unit of the other good
C. A capitalist economy	III. Economic problems are organised through central planning
D. Slope of Production Possibility curve	IV. Marginal Rate of substitution

9. Give an example for a positive statement.
10. Identify the normative statement from the following.
 - A. When price falls demand for a good rises
 - B. Using goods to satisfy want is called consumption
 - C. Production means transformation of input into output
 - D. Investment must be increased in order to get a higher economic growth
11. Give an example for normative statement.
12. Define micro economics
13. Define macro economics.
14. Identify the macroeconomic variable from the following.
 - A. National Income
 - B. Gross Domestic Product
 - C. Personal Income

D. Demand for a good

II. Answer in around 60 words each

15. How does problem of choices arise in an economy?
16. Define production possibilities. Show various production possibilities on a production possibility curve.
17. Define production possibility curve. State any two assumptions behind the concept of production possibility curve?
18. What does the problem of 'for whom to produce' signify'?
19. What does the problem of 'how to produce' signify'?

III. Answer in around 75 words each

20. Define a market. What are the characteristics of a market economy?
21. How do central problems get solved in a 'market economy'?
22. What are resources? What are the basic characteristics of resources?
23. Define a mixed economy. How are central problems solved in such an economic system?
24. Define opportunity cost. Explain with the help of an illustration.
25. Define marginal opportunity cost. How does it determine the shape of production possibility curve?
26. What does the following signify:
 - Economy functions along the production possibility curve.
 - Production possibility curve shifts to right (outward).
 - Production possibility curve shifts to left (inward).
 - Economy functions below the production possibility curve.
27. What could be the shape of production possibility curve if 'marginal rate of transformation' is increasing in nature? Show with diagram
28. What can you say about the shape of production possibility curve if resources are equally efficient in the production of both the good? Show with diagram.

IV. Answer in around 100 words each

29. How does Production possibility curve explain the problem of 'What to Produce'? Show with a diagram
30. Why does increasing Marginal Rate of Transformation occur? Show the concept on a production possibility curve with schedule.
31. What happens to production possibility curve When
 - a. Technology of production improves?
 - b. Earth quake destroys existing stock of capital
 - c. Economy employs all the resources efficiently and fully.
