

Economics is mainly concerned with: a) Unlimited resources b) Unlimited wants c) Production only d) Consumption only

Q2. Which of the following is not a central problem of an economy? a) What to produce? b) For whom to produce? c) Where to produce? d) What to consume?

Q3. The problem of scarcity arises because: a) Human wants are limited b) Resources are unlimited c) Human wants are unlimited and resources are scarce d) Resources have alternative uses

Q4. Utility means: a) Cost of a commodity b) Satisfaction derived from consumption of a commodity c) Income of a consumer d) None of these

Q5. According to the Law of Diminishing Marginal Utility, marginal utility: a) Increases as more units are consumed b) Remains constant c) Decreases as more units are consumed d) Becomes negative as more units are consumed

Q6. Consumer is in equilibrium when: a) Total Utility is maximum b) Marginal Utility is zero c) Marginal Utility is positive d) Consumer has no income

Q7. The basic economic activities include: a) Production, Consumption and Distribution b) Production and Distribution only c) Investment only d) Import only

Q8. Which economy mainly depends on market forces? a) Socialist Economy b) Capitalist Economy c) Mixed Economy d) None of these

Q9. Total Utility is maximum when: a) Marginal Utility is zero b) Marginal Utility is positive c) Marginal Utility is negative d) Price is zero

Q10. The opportunity cost of a choice is: a) Money spent b) Cost of labour c) Value of alternative foregone d) Selling price

Section B – Short Answer Questions

(4 × 2 = 8 Marks)

Q11. Define Economics.

State any two central problems of an economy.

Q12. Define Total Utility and Marginal Utility.

Q13. State the Law of Diminishing Marginal Utility.

Section C – Short Answer Questions

(3 × 4 = 12 Marks)

Q14. Explain the concept of scarcity and choice with the help of an example.

Q15. Explain the three central problems of an economy.