

XIECONOMICS TEST ON INTRODUCTION

M.M. : 30

TIME: 1 HR.

Q.1. TRUE or FALSE with reasons

- i. PPC shift to the right when an economy moves from a situation of underutilisation to full and efficient utilisation of resources.
- ii. An economy can never operate outside the PPC with the given resources and technology
- iii. PPC is concave shaped only when production of one good can be increased by reducing the quantity of other good.
- iv. The opportunity cost of machine which can produce only one good is high.
- v. The problem of price determination of a product comes under the purview of macroeconomics. **5 marks**

Q.2. MULTIPLE CHOICE QUESTIONS

1 × 11 = 11 marks

- i. Assuming that a PPF for butter and guns is drawn so that it is a straight line it means:
 - A. Less and less units of butter are sacrificed to gain an additional unit of gun.
 - B. More and more units of butter are sacrificed to gain an additional unit of gun.
 - C. Same units of butter are sacrificed to gain an additional unit of gun.
 - D. None
- ii. Which of the following will not shift the PPC.
 - A. upgrade technology
 - B. Exploring of new oil reserves
 - C. Massive unemployment
 - D. Destruction of resources
- iii. Which of the following is related to Microeconomics?
 - A. Inflation in the economy
 - B. Unemployment Problem
 - C. National income
 - D. Income from Postal department
- iv Socialist economy is
 - A. Centrally planned economy
 - B. Mixed economy
 - C. Profit oriented economy
 - D. All of the above

- v. The central problem of an economy is.
- A. Ensuring optimum level of production
 B. Selection between centrally planned economy or free play economic systems
 C. Ensuring employment and a minimum level of income for every citizen
 D. Allocating scarce resources in such a manner that unlimited wants are fulfilled as far as possible.
- vi. Opportunity cost can be defined as the value of the opportunity
- A. Gained in the next alternative
 B. Which is available in the future
 C. Actually availed at present
 D. Which is availed at present as a next best alternative
- vii. In which market form, central problems are solved through free market forces of demand and supply
- A. Market economy
 B. Centrally planned economy
 C. Socialist economy
 D. None
- viii. When will PC be straight line
- A. MOC increases
 B. MOC decreases
 C. MOC constant
 D. None
- ix. What is the behaviour of MRT as one moves from one point to another point along a PPC.
- A. First then remains constant then decreases
 B. Remains unchanged
 C. Keeps on increasing
 D. Keeps on decreasing
- x. Which of the following illustrates a decrease in unemployment?
- A. A rightward shift in PPC
 B. A downward movement along the PPC
 C. A movement from a point on the PPC to a point beyond PPC
 D. A movement from a point inside PPC to a point on PPC
- xi. A country has 2 alternatives of production as $50X + 100Y$ or $54X + 98Y$ from the given resources. If the country chooses the second alternative. What is the MOC of producing X.
- A. $3Y$
 B. $6Y$
 C. $4Y$
 D. $2Y$.

- Q.3.** Massive unemployment will shift the PPF to the left. Defend or refute. 2
- Q.4.** What will be the impact of improvement in technology of good X while deterioration of technology of good Y simultaneously, on the PPC of home country. 2
- Q.5.** What is Marginal Rate of Transformation? Explain with help of an examples. 3
- Q.6.** Can PPC be convex to origin? Draw a PPC schedule in case of convex to the origin. 3
- Q.7.** How does PPC help in explaining central problems of an economy? 4