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Subject: Microeconomics (Class 11) **Max Marks:** 30

Worksheet: Introduction to Microeconomics (Set B) **Time Allowed:** 1 Hour

SECTION A: MULTIPLE CHOICE QUESTIONS (1 MARK EACH)

Q1. Which of the following is an example of a normative statement? **[1]**

(a) Unemployment in India has crossed 7%.
(b) The government should reduce taxes to help families.
(c) An increase in price leads to a drop in quantity demanded.
(d) Cigarette taxes generate significant revenue.

Q2. An economy achieved economic growth. This will lead to: **[1]**

(a) An inward shift of the PPC
(b) A movement along the PPC upward
(c) An outward shift of the PPC
(d) A movement along the PPC downward

Q3. What is the fundamental reason behind the existence of all economic problems? **[1]**

(a) Unlimited resources and limited human wants
(b) Government interventions in markets
(c) Abundance of choices available
(d) Scarcity of resources and alternative uses

Q4. If the Marginal Opportunity Cost is constant, the shape of the PPC will be: **[1]**

(a) Concave to the origin
(b) Downward-sloping straight line
(c) Convex to the origin
(d) Upward-sloping straight line

SECTION B: SHORT ANSWER QUESTIONS (3 MARKS EACH)

Q5. Explain the central problem of "For whom to produce". How does income distribution affect it? **[3]**

Q6. "An economy always operates on the Production Possibility Curve." Defend or refute this statement with valid logic. **[3]**

Q7. Differentiate between an attainment point inside the PPC boundary and a point outside the PPC boundary. **[3]**

SECTION C: LONG ANSWER QUESTIONS (4 MARKS EACH)

Q8. Explain how a market economy handles the three central problems of economics differently compared to a centrally planned economy. **[4]**

Q9. Consider a production framework of an economy producing Clothes and Wheat. Observe the table: **[4]**

Schedules	Clothes (in bales)	Wheat (in tons)
P	0	30
Q	1	27
R	2	23
S	3	18
T	4	12
U	5	5

(a) Calculate the **Marginal Rate of Transformation (MRT)** for Clothes at each schedule level.
(b) If a sudden drought destroys 20% of the land fertility, explain what happens to this production curve.

SECTION D: CASE-BASED / ASSERTION-REASONING (4 MARKS)

Q10. Read the following text and answer the statement below: **[4]**

> *A nation decides to allocate a large amount of its existing resources to build research laboratories, advanced engineering institutes, and high-tech software infrastructure. While this choice means they must cut back on current consumer goods production today, it will yield massive industrial assets over the next decade.*

Assertion (A): Choosing to invest in technology assets causes an immediate leftward shift of the current year's PPC.
Reason (R): Diverting factors of production to capital investment means fewer consumer goods can be generated immediately from the static pool of current resources.

(a) Both (A) and (R) are true and (R) is the correct explanation of (A).

(b) Both (A) and (R) are true but (R) is NOT the correct explanation of (A).

(c) (A) is false but (R) is true.

(d) Both (A) and (R) are false.

~ End of Worksheet (Set B) ~

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