



Summer Assignment (Micro Economics)
Class XI

UNIT 1: Introduction

1 mark question:

1. Give meaning of an economy.
2. Define opportunity cost.
3. What is production possibility schedule?
4. What is normative economics? Give an example
5. What is positive economics? Give an example
6. What does movement along PPC from one point to another indicate?
7. What happen, if resources do not have alternative uses?
8. State two situations when actual output is less than potential output.
9. Can non attainable combinations ever be converted into attainable combinations?
10. Give two examples growth of resources.
11. Give two examples underutilisation of resources.
12. Give two examples of microeconomic studies.
13. Give two examples of macroeconomic studies.
14. Why does an economic problem arise?
15. State two features of resources that give rise to an economic problem.
16. What does a rightward shift of PPC indicate?
17. What is scarcity?
18. Can two PPC intersect each other?
19. What is meant by economizing of resources?
20. What will be the shape of PPC when a) MOC is increasing b) MOC is decreasing c) MOC is constant
21. Why PPC is also called transformation curve?
22. A country's resources are fully and efficiently employed. The problem of scarcity exists.what advice can be given to raise the efficiency level of the human resource to fight scarcity?
23. What is the slope of PPC? What does it show?
24. Why MOC does tend to rise?
25. State the two principal features of PPC.
26. Define microeconomics / macroeconomics
27. Does PPC indicate the actual level of output or potential level of output?
28. Unemployment is reduced due to the measures taken by the govt. state its economic value in the context of PPF.

(Hint: The economy would move closer to the PPF implying higher level of output)
29. The govt. has started promoting foreign capital. What is its economic value in the context of PPF?
(It will increase the availability of resources. so PPC will shift to the right.)
30. Large no. of technical training institutions has been started by the govt. What is its economic value in the context of PPF?
(It raises the production potential of the country by increasing the efficiency of labour)
31. Name the economic value achieved through the spread of education in the context of PPF?
32. Name the economic value achievable when attempts are made to increase resources in the country.
33. Give an example of decrease in resources.
34. What does increasing MOC along PPC imply?
35. What does the point outside the PPC indicate?
36. 'An economy always produces on, but not inside , a PPF'- defend or refute
37. Massive unemployment will shift the PPF to the left.Defend or refute
38. Both microeconomics and macroeconomics have the same degree of aggregation.Defend or refute
39. Macroeconomics deals with the study of cotton textile industry. Defend or refute.
40. What does the negative slope of PPC indicate?
41. What will happen to PPC, when technology for one good is updated and not for the other? Use digram.

42. How in any one way can an economy increase its production capacity?
43. Does PPC indicate the actual level of output or potential level of output?
44. Do you think the actual level of output in the Indian economy is less than its potential?

3/4 marks Questions

45. State reasons why does an economic problem arise?
46. What is opportunity cost? Explain with the help of a numerical example.
47. What is marginal opportunity cost? Explain with the help of an example.
48. State the difference between microeconomics and macroeconomics.
49. State the difference between positive economics and normative economics.
50. Explain the central problem of 'how to produce' or 'what to produce' with example?
51. Explain the central problem of 'for whom to produce'?
52. Define PPF. Explain why is it downward sloping from left to right?
53. Explain giving reason why PPF concave?
54. Explain the meaning of opportunity cost with the help of a production possibility schedule
55. Production in an economy is below its potential due to unemployment. Government starts employment generation schemes. Explain its effect using PPC.
(Hint: closer to PPC and finally can be on the PPC with fuller utilization)
56. What will be the impact of recently launched "clean India Mission" (Swachh Bharat Mission) on the PPF and why?
57. What will be the impact of large scale outflow of foreign capital on the PPF and why?
58. What will be the impact of recently launched "make in India" appeal to the foreign investors by the P.M. of India on the PPF of India and why?
59. What will be the impact of efforts towards reducing unemployment on the production potential of the economy? Explain,
60. What will be the impact of "Education for all Campaign" (SarvaShikshaAbhiyan) on the PPF of Indian Economy and why?
61. Comment ,giving reason on the shape of PPC based on the following schedule

Good X(Units):	0	1	2	3	4
Good Y (Units):	30	27	21	12	0
62. Comment ,giving reason on the shape of PPC based on the following schedule

Good X(Units):	0	1	2	3	4
Good Y (Units):	16	12	8	4	0
63. Comment ,giving reason on the shape of PPC based on the following schedule

Good X(Units):	0	1	2	3	4
Good Y (Units):	4	3	2	1	0
64. Use a diagram to explain what will happen to the PPC of Bihar if the river Kosi causes widespread floods?
65. State any two central problems under the "problem of Allocation of Resources".
66. State the assumptions of PPF.
67. How to produce is a complex problem for less developed countries like India. How? Explain.
68. If more and more resources are constantly explored and new and new techniques of production are constantly discovered, don't you think a day will come when our central problems will be solved once for all?
69. Sonu has 3 options of job, offering him a salary of Rs. 20000, Rs 25000 and Rs. 30000 respectively .what is his opportunity cost?
70. You are planning to attend a workshop for two months. Then you won't be able to take your usual part time job that pays Rs.10, 000 for two months and you won't be able to live at home for free. The cost of your workshop includes:
 Living expenses – Rs. 2000
 Costume and stationary expenses - Rs. 3000
 Study materials - Rs. 1000
 Calculate MOC of joining the Workshop.
71. Economic slowdown in some parts of the world has adversely affected demand for Indian exports. What will be its effect on the production possibilities frontier of India? Explain.

--there will be no effect on PPF. It is because PPF shows only what a country can potentially produce, and not what it actually produces. Slow down by reducing demand for exports, may ultimately bring down output. Assuming that the country's actual production is somewhere on the PPF. Slowdown may result in the country producing at a point somewhere below the PPF.

72. State true or false by giving reason: 1x6
- An economy produces goods and services in such a manner that it always operates on the PPC.
 - A point below PPC indicates decrease in resources.
 - With fuller utilization of resources, an economy can shift to a point beyond PPC.
 - PPC shows increasing slope.
 - When output of X increases from 100 units to 110 units and good Y decreases from 400 units to 350 units, MOC= 50 units
 - Two PPC's are always parallel.
 - With the efficient employment of resources in an economy, PPC will shift to the right.
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UNIT 2: Chapter 1: Consumers Equilibrium

73. What is meant by consumer, equilibrium? 1
74. Given price of a good, how does a consumer decide as to how much of that good to buy? Use utility analysis. 4
(Hint: one commodity equilibrium explanation with numerical example.)
75. Assuming that a consumer consumes only two goods. Explain the conditions of consumer's equilibrium with the help of utility analysis. 4
76. A consumer consumes only two goods X and Y and is in equilibrium. Price of X falls. Explain the reaction of the consumer through the utility analysis. 4
77. A consumer consumes only two goods X and Y and is in equilibrium. Price of X rises. Explain the reaction of the consumer through the utility analysis. 4
78. Explain the law of diminishing marginal utility with the help of TU schedule. 4
79. Explain the conditions of consumer's equilibrium with the help of utility analysis. 4
(Hint: one commodity equilibrium explanation of conditions)
80. By spending his entire income only on two goods X and Y a consumer finds that , Marginal Utility of X/ Price of X >
Marginal Utility of X/ Price of X
Explain how the consumer will react. 4
81. By spending his entire income only on two goods X and Y a consumer finds that , Marginal Utility of X/ Price of X <
Marginal Utility of X/ Price of X
Explain how the consumer will react. 4
82. A consumer consumes only two goods A and B and is in equilibrium. Show that when price of good A falls demand for B rises. Answer this question with the help of utility analysis.4
(Hint: through 2 commodity equilibrium conditions)
83. A consumer consumes only two goods X and Y and is in equilibrium. Show that when price of good X rises, the consumer buys less of good . Answer this question with the help of utility analysis 4
84. A consumer consumes only two goods X and Y, whose prices are ₹5 and ₹4 respectively. If the consumer chooses a combination of the two goods with marginal utility of X equal to 4 and that of Y equal to 5, is the consumer in equilibrium? Why or why not? What will a rational consumer do in this situation? Use utility analysis. Explain.

