

-1

Fill in the Blanks

Use appropriate word/term and fill in the blank:

- There exists _____ degree of aggregation in microeconomics in comparison to macroeconomics. (limited/no)
- _____ is also called Price Theory. (Microeconomics/Macroeconomics)
- A situation when demand for a resource is greater than its supply is called _____. (scarcity/economic problem)
- Choice refers to the process of selection from available _____ resources. (limited/unlimited)
- In a capitalist economy, _____ sector dominates the economic activity. (public/private)
- _____ deals with economic behaviour related to past, present and future. (Positive economics/Normative economics)
- “MGNREGA uses taxpayers’ money, and should therefore be stopped” is an example of _____. (positive economics/normative economics)
- In a _____ economy, mutual interdependence is limited. (simple/complex)
- Profit maximisation is the main motive of decision-making in a _____. (centrally planned economy/market economy)
- _____ is an example of a free economy where economic decisions are controlled by free play of market forces. (USA/Russia)

SET-2

Multiple Choice

Choose the correct option:

- Which of the following is not an example of microeconomics?**

(a) Saving of an individual	(b) Consumption of a household
(c) Price level of a firm	(d) Aggregate demand of an economy
- Study of macroeconomics is concerned with:**

(a) theory of demand	(b) determination of aggregate output
(c) general price level	(d) both (b) and (c)
- Under which of the following ‘price level in a particular industry’ is studied?**

(a) Microeconomics	(b) Macroeconomics
(c) Both (a) and (b)	(d) None of these
- Positive economics involves statements which are:**

(a) verifiable	(b) not verifiable
(c) may or may not be verifiable	(d) none of these

5. **Normative economics deals with:**
 (a) facts
 (c) both (a) and (b)
6. **The problem of choice arises due to the fact that _____.**
 (b) resources are in abundance
 (d) both (a) and (c)
7. **Principal characteristics of resources are:**
 (a) they are scarce in relation to human needs
 (b) they have alternative uses
 (c) both (a) and (b)
 (d) none of these
8. **Economic problem implies:**
 (a) problem of poverty
 (b) problem of unemployment
 (c) problem of inflation
 (d) problem of choice due to scarcity of resources having alternative uses
9. **Scarcity is a situation when demand for goods is:**
 (a) equal to supply
 (b) more than supply
 (c) less than supply
 (d) none of these
10. **Which of the following is an example of basic economic activity?**
 (a) Demand
 (b) Exchange
 (c) Saving
 (d) None of these
11. **Scarcity is an issue which relates to _____.**
 (a) an individual
 (b) the economy as a whole
 (c) both (a) and (b)
 (d) neither (a) nor (b)
12. **Economic activities in a market economy are controlled by:**
 (a) market forces
 (b) institutions
 (c) the government or the central authority
 (d) none of these
13. **Which of the following is a statement of normative nature in economics?**
 (a) Economics is study of choices/alternatives
 (b) Government should be concerned with how to reduce unemployment
 (c) According to an estimate, in spite of severe shortage, more than 10 per cent of houses in Indian cities are lying vacant
 (d) An increase in taxation will result in less consumption
14. _____ **economics does not involve value judgement.**
 (a) Micro
 (b) Macro
 (c) Positive
 (d) Normative
15. **Which of the following is not an example of positive economics?**
 (a) Population of India
 (b) GDP in 2021
 (c) Impact of GST
 (d) Number of people living below poverty line

SET-3

True or False

State whether the following statements are True or False:

1. When the problem of choice is studied at the level of individuals, it is called microeconomics.
2. Abundance of resources in relation to human wants is the essence of economics.
3. Government-provided healthcare increases public expenditure is an example of positive economic statement.
4. Choice emerges when limited resources are to be used for the satisfaction of unlimited wants.
5. Macroeconomics assumes that microeconomic variables remain constant.
6. Government policies play a significant role in the context of microeconomic problems.
7. Statements of normative economics relate to 'what ought to be'.
8. Positive statements are not necessarily the statements of truth.
9. In a controlled economy, economic decisions are driven by the motive of social welfare.
10. In a mixed economy, the private sector dominates the economic activity.

(True False)
(True False)
(True False)
(True False)
(True False)
(True False)
(True False)
(True False)
(True False)
(True False)

SET-4

True-False Alternatives

In the following questions (1-5), two statements are given. Read the statements carefully and choose the correct alternative among those given below:

Alternatives:

- (a) Both the statements are true
- (b) Both the statements are false
- (c) Statement 1 is true and Statement 2 is false
- (d) Statement 2 is true and Statement 1 is false

1. **Statement 1** : Price determination is not a subject-matter of economics.
Statement 2 : Macroeconomics studies the theory of production.
2. **Statement 1** : Economic problem arises only because of unlimited wants.
Statement 2 : If there were no choices in resource allocation, economics would not have existed.
3. **Statement 1** : Economy is a system by which people of an area earn their living.
Statement 2 : Microeconomics is concerned with the aggregates of the economy.
4. **Statement 1** : In a free economy, economic activities are controlled by the market forces.
Statement 2 : Most resources are controlled by the people in a free economy.
5. **Statement 1** : In case of a complex economy, wants are multiple and enormous.
Statement 2 : Under a complex economy, the income level of people is low.

Choose the Correct Pair of Statements/Identify the Correct Sequence of Alternatives

1. From the set of statements given in Column I and Column II, choose the correct pair of statements:

Column I	Column II
A. Aggregate demand	(i) Studied in microeconomics
B. Value judgement	(ii) Macroeconomics
C. Market economy	(iii) Consumer is not sovereign
D. Essence of economics	(iv) Scarcity and choice

Alternatives:

- (a) A—(i)
 (b) B—(ii)
 (c) C—(iii)
 (d) D—(iv)

2. Identify the correct sequence of alternatives given in Column II by matching them with respective items in Column I:

Column I	Column II
A. Choice	(i) High degree of consumer sovereignty
B. Positive statements	(ii) Outcome of scarcity
C. Mixed economy	(iii) An economic activity
D. Consumption	(iv) Verifiable for truth

Alternatives:

- (a) A—(iv), B—(iii), C—(i), D—(ii)
 (b) A—(ii), B—(iv), C—(i), D—(iii)
 (c) A—(iv), B—(i), C—(ii), D—(iii)
 (d) A—(iii), B—(i), C—(ii), D—(iv)

Assertion and Reasoning

In the following questions (1-5), a statement of Assertion (A) is followed by a statement of Reason (R). Choose the correct alternative among those given below:

Alternatives:

- (a) Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A)
 (b) Both Assertion (A) and Reason (R) are true and Reason (R) is not the correct explanation of Assertion (A)
 (c) Assertion (A) is true but Reason (R) is false
 (d) Assertion (A) is false but Reason (R) is true

1. **Assertion (A)** : Free food packets distributed to COVID-19 patients is not a scarce commodity.
Reason (R) : A good that is available at zero price can never be considered a scarce commodity.
2. **Assertion (A)** : Problem of unemployment in India is a macroeconomic study.
Reason (R) : Macroeconomics addresses economic issues related to the economy as a whole.
3. **Assertion (A)** : Positive statements are not necessarily the statements of truth.
Reason (R) : Positive statements involve opinions only.
4. **Assertion (A)** : Consumer sovereignty is not maintained in case of a centrally planned economy.
Reason (R) : The central authority decides what goods are to be produced for the people in a centrally planned economy.

5. **Assertion (A)** : In macroeconomics, there is a limited degree of aggregation.

Reason (R) : All resources are not equally scarce all the time.

ANSWERS

SET-1

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|-------------------|-----------------------|------------------------|------------|
| 1. limited | 2. Microeconomics | 3. scarcity | 4. limited |
| 5. private | 6. Positive economics | 7. normative economics | 8. simple |
| 9. market economy | 10. USA | | |

SET-2

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|---------|---------|---------|---------|---------|--------|--------|--------|--------|---------|
| 1. (d) | 2. (d) | 3. (a) | 4. (a) | 5. (b) | 6. (d) | 7. (c) | 8. (d) | 9. (b) | 10. (b) |
| 11. (c) | 12. (a) | 13. (b) | 14. (c) | 15. (c) | | | | | |

SET-3

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|---------|----------|---------|---------|---------|----------|---------|---------|---------|-----------|
| 1. True | 2. False | 3. True | 4. True | 5. True | 6. False | 7. True | 8. True | 9. True | 10. False |
|---------|----------|---------|---------|---------|----------|---------|---------|---------|-----------|

SET-4

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|--------|--------|--------|--------|--------|
| 1. (b) | 2. (d) | 3. (c) | 4. (a) | 5. (c) |
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SET-5

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|--------|--------|
| 1. (d) | 2. (b) |
|--------|--------|

SET-6

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|--------|--------|--------|--------|--------|
| 1. (d) | 2. (a) | 3. (c) | 4. (a) | 5. (d) |
|--------|--------|--------|--------|--------|

SET-7

One Liners: Answer with Reason