

**BCM SCHOOL BASANT AVENUE DUGRI ROAD,
LUDHIANA**

SUBJECT – ECONOMICS

CLASS -XI

APRIL ASSIGNMENT (2024-25)

CASE BASED QUESTIONS (CBQ)

Q. 1. Read the following article and answer Questions (i)–(iv) on the basis of the same:

Scarcity is a key concept in economics because it is one of the basic foundations of why economics exists. Scarcity means that there is a limitation of resources. Since there is a limitation of resources, it is important to know how these resources will be used. In a world without scarcity (which doesn't exist), we could have access to whatever we wanted and there would be no need to trade or distribute goods and services, and therefore no economics. Economics studies human behaviour and how humans allocate their limited resources (scarcity) with their unlimited wants and differences in the distribution of these resources affect decisions. This concept can be applied to a single person, a family, a country, and globally.

- (i) Scarcity refers to limitation of _____ (Demand / Supply) in relation to _____ (Demand / Supply) for a commodity.
- (ii) The word 'Economics' is most closely connected with the word:
 - (a) Scarcity
 - (b) Free
 - (c) Restricted
 - (d) Unlimited
- (iii) Resources are _____ (Unlimited / Limited) and human wants are _____ (Unlimited / Limited).
- (iv) Scarcity is _____ as every individual, organisation and economy faces scarcity of resources.

Q.2. Read the following article and answer Questions (I)–(III) on the basis of the same:

The Economic problem involves the question of how to satisfy unlimited wants with limited resources. As resources are limited people cannot have all the goods and services they want; as a result, they must choose some things and give up others. Like individuals, businesses and the government face the economic problem as well, each one shares the concept of using finite resources with unlimited wants. As the economic problem is contemporary, each faces the issue with different economic factors.

All societies face the economic problem, which is the problem of how to make the best use of limited, or scarce, resources. The economic problem exists because, although the needs and wants of people are endless, the resources available to satisfy needs and wants are limited. Wants are defined as the material desires of an individual or the community. They are items that provide some pleasure or satisfaction when consumed.

- (i) 'An economic problem is a choice-making activity.' Defend or refute.
- (ii) The basic reason for economic problem in all economies is _____ (Unlimited Human Wants / Scarcity of Resources).
- (iii) Scarcity of resources calls for _____ of resources.

Q. 3. Read the following article and answer Questions (I)–(III) on the basis of the same:

Traditional economic theory has developed along two lines; viz., normative and positive. Normative focuses on prescriptive statements, and help establish rules aimed at attaining the specified goals of business. Positive, on the other hand, focuses on description, it aims at describing the manner in which the economic system operates without stating how they should operate.

The emphasis in business economics is on normative theory. Business economic seeks to establish rules which help business firms attain their goals, which indeed is also the essence of the word normative. However, if the firms are to establish valid decision rules, they must thoroughly understand their environment. This requires the study of positive or descriptive theory. Thus, Business economics combines the essentials of the normative and positive economic theory, the emphasis being more on the former than the latter.

- (i) _____ (Normative/Positive) Economics remain strictly neutral with respect to ultimate ends.
- (ii) Normative Economics _____ (Cannot / Can) be verified with actual data.
- (iii) _____ (Positive / Normative) focuses on prescriptive statements, while _____ (Positive / Normative) focuses on descriptive statements.

Q.4. Read the following article and answer Questions (i)–(iii) on the basis of the same:

Utility theory is used to explain the behaviour of individual customers'. Marginal utility is the change in total utility with additional consumptions of a commodity. Demand arises due to utility. The utility is measured as cardinal utility and ordinal utility. In cardinal utility, utility is measurable objectively. And in ordinal utility, utility is ranked according to the preferences by the individual customers. The utility theory from customer's point of view explains that in law of diminishing marginal utility which states that as the quantity consumed by an individual for a commodity increases, the utility gained from additional units goes on diminishing. As the choice is constrained by price and the income of the customer, a rational customer will not spend on an additional unit of a commodity or services unless its marginal utility is equal or greater than that of a unit of another commodity or services. The price of a commodity or services is related to its marginal utility and the ranking will be given by the customer as according to the preferences.

- (i) According to Law of _____ (Equi-Marginal Utility/Diminishing Marginal Utility), when a consumer consumes more and more units of a product, the utility derived from each additional unit decreases.
- (ii) _____ (Ordinal/Cardinal) Approach use values like 1, 2, 3, 4, etc., while _____ (Ordinal/Cardinal) Approach makes use of numbers like 1st, 2nd, 3rd, 4th, etc.
- (iii) _____ (Total/Marginal) Utility is the additional utility derived from the consumption of one more unit of the given commodity.