

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

CLASS – XI

ECONOMICS ANSWER KEY

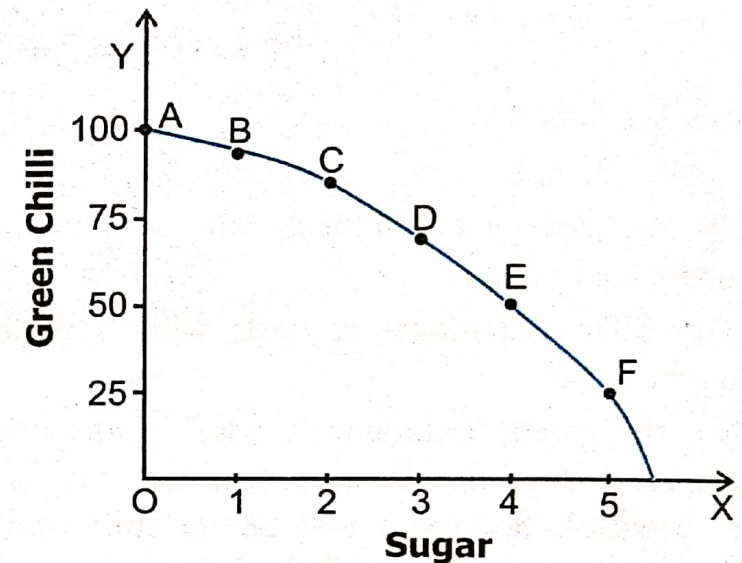
MAY 2025

Self Assessment Test 5

1. (c)
2. (b)
3. (a)
5. (a) What to produce and in what quantity?
(b) How to produce?
(c) For Whom to produce?
6. (a) False: A point above the PPC represents a combination of the two goods, which is not obtainable because of a scarcity of resources.
(b) False: The concave downward sloping PP curve has an increasing slope. The slope of the PP curve is the same as Marginal Rate of Transformation (MRT). So, concavity of PP curve implies increasing MRT.
(c) False: Due to massive unemployment, production will take place at any point inside the PPC, but it will not shift to the left. This is because unemployment implies under-utilisation of resources, not decrease in resources.

7.

Possibilities	Green Chilli	Sugar	MRT
A	100	0	—
B	95	1	5 : 1
C	85	2	10 : 1
D	70	3	15 : 1
E	50	4	20 : 1
F	25	5	25 : 1



Increasing marginal rate of transformation (MRT) (i.e. increasing sacrifice of green chilli for each unit increase of sugar) gives concave shape to the PPC.

8. The problem of choice arises for producers because resources are limited and have alternative uses. Since resources are available in limited quantities and a resource can be used for producing more than one product, this creates a problem of choice which product should be produced.

The problem of choice arises for the consumers because their wants are unlimited while resources to fulfill these wants are limited. Since a resource can be used for satisfying more than one want, this creates a problem of choice which want should be satisfied first.