

CLASS 9 SOCIAL SCIENCE – PART 1

Chapter 8: Building Blocks in Economics: The Problem of Choice

Competency-Based Questions and Answers (CBQs)

1. Pocket Money: Needs, Wants and Choice

A student has ₹300. They need a notebook for school but also want snacks and a new game. The student cannot buy everything with the money available.

- a) Which economic problem does the student face?
- b) Distinguish between a need and a want using the situation.
- c) Explain how opportunity cost applies to the student's final choice.

2. Alternative Uses of a Resource

A hospital needs steel for medical equipment. At the same time, steel can be used to manufacture aircraft or refrigerators. The available steel cannot meet every demand at once.

- a) What does this example show about resources?
- b) Why must a choice be made?
- c) Define opportunity cost in relation to this example.

3. Farmer's Crop Choices and the PPC

A farmer can grow barley and wheat on a fixed piece of land. The textbook gives these possible combinations: A—0 kg barley and 100 kg wheat; B—25 kg barley and 90 kg wheat; C—50 kg barley and 70 kg wheat; D—75 kg barley and 40 kg wheat; E—100 kg barley and 0 kg wheat.

- a) What does a Production Possibility Curve (PPC) show?
- b) Why does wheat production fall as the farmer grows more barley?
- c) What economic concept is illustrated by the wheat given up as barley production increases?

4. Scarcity and the Three Key Questions

A government has limited funds and must decide how to allocate them among roads, hospitals and schools. Each option may benefit people in different ways.

- a) Why is this an economic choice?
- b) State the three key questions economics seeks to address.
- c) Explain why opportunity cost should be considered in this decision.

5. Data and Economic Decisions

A business studies customer demand and costs before deciding how many school shoes to produce. A government analyses economic information before planning expenditure on public services.

- a) Why is data important in economic decision-making?
- b) Name one type of information a business might examine.
- c) According to the chapter, what is the Economic Survey of India?

6. What to Produce? Sustainable Agriculture

A farmer is choosing between sugarcane, which can yield high profits and support sugar industries, and millets or pulses, which use less water and can improve soil health.

- a) Which key economic question is the farmer addressing?
- b) Identify one possible benefit of choosing millets or pulses described in the chapter.
- c) Explain the trade-off involved in choosing sugarcane.

7. For Whom to Produce? Different Consumers

A footwear company makes affordable, durable school shoes, formal shoes for working professionals and sports shoes for athletes. It studies consumer needs and purchasing power before production.

- a) Which key economic question is illustrated?
- b) Give one reason the company makes different types of shoes.
- c) What information might producers analyse before deciding which consumers to serve?

8. Choosing a Production Method

A garment manufacturer must choose between employing more workers and using more machines. Machines are expensive, but some garments require standardised mass production while others need skilled custom work.

- a) Which key economic question is being addressed?
- b) Distinguish between labour-intensive and capital-intensive production.
- c) State two factors that may influence the manufacturer's choice.

9. Planned Economy

In an economy, a central government authority sets major production targets, owns many resources and directs enterprises through plans, permits and licences.

- a) Identify the type of economic system.
- b) Who makes the main economic decisions in this system?
- c) According to the chapter, state one possible limitation of this system.

10. Market Economy

In a country, individuals and private companies own many factories and shops. Demand and supply influence prices and production, while the government mainly ensures safety and law and order.

- a) Identify the economic system described.
- b) How do demand and supply influence decisions in this system?
- c) Give one benefit of competition mentioned in the chapter.

11. Mixed Economy

A country allows private businesses to operate and compete, while the government also protects consumers, supports public goods and sets fair-competition rules.

- a) Identify the economic system described.
- b) Name two roles of the government shown in the situation.
- c) Why does the chapter say that most economies have mixed features?

12. India's Economic Changes

After Independence, India followed a more state-led approach. By 1991, it faced serious economic difficulties and introduced reforms that reduced excessive regulation, encouraged private enterprise and opened the economy to global trade and investment.

- a) Describe India's economic approach after Independence, as outlined in the chapter.
- b) Name two changes associated with the reforms introduced after the difficulties of 1991.
- c) Did these reforms remove the government's role entirely? Explain using the chapter.

13. Public Goods

A town provides roads, street lights, parks and police services for the community. People can benefit from these services without each person having to buy an individual unit.

- a) What are public goods, according to the chapter?
- b) Name two examples from the situation.
- c) Why are public goods relevant when considering the government's role in a mixed economy?

14. Long-Term Choices and Resource Use

A region's water is scarce but is being used wastefully. Farmers, households and local authorities need to decide how to manage it while meeting present needs and protecting future well-being.

- a) Which basic economic problem does the region face?
- b) How can the idea of opportunity cost help the region?
- c) Why should economic choices consider long-term consequences?

15. Comparing Economic Systems

A student compares three descriptions: System A relies mainly on a central planning authority; System B relies mainly on demand and supply; System C combines private enterprise with government regulation and public services.

- a) Identify Systems A, B and C.
- b) Which system combines features of the other two?
- c) Why does the chapter say that pure economic systems rarely exist in practice?

Suggested Answers

1. Pocket Money: Needs, Wants and Choice

a) Which economic problem does the student face? a) Scarcity: the student's money is limited while the wants and needs compete for it.

b) Distinguish between a need and a want using the situation. b) The notebook is a need related to schoolwork; snacks or a game may be wants in this situation.

c) Explain how opportunity cost applies to the student's final choice. c) The opportunity cost is the value of the next-best option given up when the student chooses what to buy.

2. Alternative Uses of a Resource

a) What does this example show about resources? a) Resources have alternative uses and are limited in quantity.

b) Why must a choice be made? b) The available steel cannot be used for every possible purpose at the same time, so users must decide how to allocate it.

c) Define opportunity cost in relation to this example. c) Opportunity cost is the value of the next-best alternative given up when steel is allocated to one use rather than another.

3. Farmer's Crop Choices and the PPC

a) What does a Production Possibility Curve (PPC) show? a) A PPC shows different combinations of goods that can be produced using available resources.

b) Why does wheat production fall as the farmer grows more barley? b) The farmer has limited land, water and labour. More resources used for barley leave fewer resources for wheat.

c) What economic concept is illustrated by the wheat given up as barley production increases? c) Opportunity cost; the production of more barley involves sacrificing some wheat.

4. Scarcity and the Three Key Questions

a) Why is this an economic choice? a) The government's funds are limited and have alternative uses, so it cannot allocate the same funds to every option without making choices.

b) State the three key questions economics seeks to address. b) What to produce? How to produce? For whom to produce?

c) Explain why opportunity cost should be considered in this decision. c) Spending more on one option may mean giving up some benefits from another. Considering opportunity cost helps compare alternatives.

5. Data and Economic Decisions

a) Why is data important in economic decision-making? a) Reliable data and analysis help decision-makers compare alternatives, assess costs and likely outcomes, and avoid relying on guesswork.

b) Name one type of information a business might examine. b) Examples include customer demand, market trends, production costs or information about new innovations.

c) According to the chapter, what is the Economic Survey of India? c) It is an annual document prepared by the Ministry of Finance and presented in Parliament before the Union Budget. It reviews economic performance and discusses sectors, challenges and opportunities.

6. What to Produce? Sustainable Agriculture

a) Which key economic question is the farmer addressing? a) ‘What to produce?’

b) Identify one possible benefit of choosing millets or pulses described in the chapter. b) They can save water, improve soil health and promote sustainable agriculture.

c) Explain the trade-off involved in choosing sugarcane. c) Choosing sugarcane may bring higher profits, but the farmer gives up the potential benefits of saved water and improved soil health from the alternative crops.

7. For Whom to Produce? Different Consumers

a) Which key economic question is illustrated? a) ‘For whom to produce?’

b) Give one reason the company makes different types of shoes. b) Different groups have different needs, tastes, lifestyles and purchasing power.

c) What information might producers analyse before deciding which consumers to serve? c) Producers may analyse what consumers like, how much money they have and the level of demand.

8. Choosing a Production Method

a) Which key economic question is being addressed? a) ‘How to produce?’

b) Distinguish between labour-intensive and capital-intensive production. b) Labour-intensive production uses more workers and relatively less machinery; capital-intensive production uses more machines and technology and relatively fewer workers.

c) State two factors that may influence the manufacturer’s choice. c) Any two: cost and availability of machinery, technology, labour cost and availability, nature of the product, and laws or regulations.

9. Planned Economy

a) Identify the type of economic system. a) A planned economy.

b) Who makes the main economic decisions in this system? b) A central planning authority of the government makes the main decisions about what and how much to produce, how to produce and who will use the output.

c) According to the chapter, state one possible limitation of this system. c) The chapter notes that strict government control can restrict competition and reduce motivation for enterprises to improve quality or innovate.

10. Market Economy

a) Identify the economic system described. a) A market economy.

b) How do demand and supply influence decisions in this system? b) They are major forces influencing what is produced, how much is produced and the prices of goods and services.

c) Give one benefit of competition mentioned in the chapter. c) Competition can encourage better quality, lower prices and innovation.

11. Mixed Economy

a) Identify the economic system described. a) A mixed economy.

b) Name two roles of the government shown in the situation. b) Any two: consumer protection, fair-competition rules, transparency, public goods or welfare programmes.

c) Why does the chapter say that most economies have mixed features? c) In practice, private ownership and market activity coexist with some government regulation and involvement.

12. India's Economic Changes

a) Describe India's economic approach after Independence, as outlined in the chapter. a) India followed a more state-led approach, with a major government role in controlling industries, allocating resources and regulating production; key sectors had a strong public-sector presence.

b) Name two changes associated with the reforms introduced after the difficulties of 1991. b) Any two: reduced excessive regulation, encouraged private enterprise, opened the economy to global trade and investment, and increased competition.

c) Did these reforms remove the government's role entirely? Explain using the chapter. c) No. The reforms moved India towards a more market-oriented system while retaining an important role for the government.

13. Public Goods

a) What are public goods, according to the chapter? a) Goods and services available to all individuals without anyone being excluded; use by some people does not prevent others from using them.

b) Name two examples from the situation. b) Any two: roads, street lights, parks or police services.

c) Why are public goods relevant when considering the government's role in a mixed economy? c) The chapter identifies the provision of public goods as one role of government alongside market activity in a mixed economy.

14. Long-Term Choices and Resource Use

a) Which basic economic problem does the region face? a) Scarcity: water is limited while people and activities have competing needs for it.

b) How can the idea of opportunity cost help the region? b) It helps decision-makers compare the value of one use of water with the next-best alternative that would be given up.

c) Why should economic choices consider long-term consequences? c) Present choices affect how resources remain available and how well future needs can be met; the chapter stresses considering opportunity costs and future outcomes.

15. Comparing Economic Systems

a) Identify Systems A, B and C. a) A—planned economy; B—market economy; C—mixed economy.

b) Which system combines features of the other two? b) The mixed economy.

c) Why does the chapter say that pure economic systems rarely exist in practice? c) The chapter states that most economies combine market and planned features, with private ownership and some degree of government regulation.