Unit I - Introduction to Economics - Practice

Q1: What is the economic impact of limited resources on welfare maximization?

Q2: Explain the two fundamental branches of economics.

Q3: How does the Production Possibility Curve demonstrate opportunity cost?

Q4: What role does the circular flow diagram play in understanding economic activity?

Q5: What drives changes in market demand and supply curves?

Q6: How does price elasticity affect consumer behavior and business decisions?

Q7: Describe the relationship between income elasticity and consumer demand.

Q8: How can cross-price elasticity be used to predict competitive market responses?

Q9: What factors lead to a new market equilibrium after a disruption?

Q10: Discuss how government policies can affect market supply and demand.

Q11: Illustrate an example where increasing supply can lead to a lower market equilibrium price.

Q12: Explain how external factors can shift the Production Possibility Curve.

Q13: What are the economic implications of a high elasticity of supply?

Q14: Analyze a real-world example of elasticity affecting business pricing strategy.

Q15: How can technology advancements impact the circular flow of economic activities?