📘 Class 9 Social Science – Chapter 8

Important Questions – Building Blocks in Economics: The Problem of Choice

Book: *Understanding Society: India and Beyond – Grade 9, Part 1*
Session: 2026–27

Chapter 8 introduces economics through the problem of **unlimited wants and limited resources**. It covers needs and wants, scarcity, choices, opportunity cost, the three key economic questions, factors of production, economic systems, public goods and India's mixed economy.

⭐ Very Short Answer Questions

1. What is economics?
2. What are **needs**?
3. What are **wants**?
4. What is scarcity?
5. What is a resource?
6. What is opportunity cost?
7. What is an economy?
8. What are the three key questions in economics?
9. What is meant by “what to produce”?
10. What is meant by “how to produce”?
11. What is meant by “for whom to produce”?
12. What are the factors of production?
13. What is labour-intensive production?
14. What is capital-intensive production?
15. What is a market economy?
16. What is a planned economy?
17. What is a mixed economy?
18. What are public goods?
19. Why are resources called scarce?
20. Why can all human wants not be satisfied?

📝 Short Answer Questions

1. What does economics deal with?

Economics studies how individuals and societies make choices about using **limited resources to satisfy unlimited wants**.

2. Differentiate between needs and wants.

3. Why are human wants considered unlimited?

4. What is scarcity? Why does it lead to choices?

5. Explain the concept of opportunity cost.

When one option is chosen, the value of the option given up is called its **opportunity cost**.

6. Give an example of opportunity cost from everyday life.

7. Why do individuals, enterprises and governments have to make economic choices?

8. What are the three key questions that every economy has to answer?

The three questions are:

- **What to produce?**
- **How to produce?**
- **For whom to produce?**

9. What is meant by "what to produce"?

It concerns deciding **which goods and services should be produced and in what quantities**.

10. What is meant by "for whom to produce"?

It concerns who will benefit from the goods and services produced and how those goods and services will be distributed.

11. What is meant by "how to produce"?

It concerns choosing the methods, resources and technologies used to produce goods and services.

12. What are the four factors of production?

🌱 Land
👷 Labour
💰 Capital
💻 Technology

13. Differentiate between labour-intensive and capital-intensive production.

14. What factors influence the choice of production technique?

The choice depends on factors such as the **cost of capital, technology, availability and cost of labour, nature of the product and government laws and regulations**.

15. What is an economic system?

An economic system defines how production, consumption and distribution of goods, services and resources are organised and who controls economic decisions.

📚 Long Answer Questions

1. Explain the problem of choice in economics.

Discuss:

♾️ Unlimited wants
⬇️
📦 Limited resources
⬇️
⚖️ Scarcity
⬇️
🤔 Choice
⬇️
🔄 Trade-offs
⬇️
💡 Opportunity cost

The chapter explains that individuals, enterprises and governments must constantly choose how to use available resources while considering the opportunity cost of their decisions.

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2. Explain the three key questions in economics.

🔹 What to Produce?

Which goods and services should be produced and in what quantities?

🔹 How to Produce?

Which combination of land, labour, capital and technology should be used?

🔹 For Whom to Produce?

Who should receive or benefit from the goods and services produced?

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3. Explain opportunity cost with suitable examples.

Include examples such as:

📓 Buying a notebook instead of saving money
🌾 Growing wheat instead of barley
🏥 Government spending on healthcare instead of another competing use
⏰ Spending time studying instead of another activity

The chapter uses examples involving alternative uses of resources and explains that choosing one option means giving up another.

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4. Explain the different economic systems.

🟢 Market Economy

Economic decisions are largely guided by private decisions, markets and demand and supply.

🔵 Planned Economy

The government has a major role in controlling economic decisions and resource allocation.

🟠 Mixed Economy

The government and private sector both play important roles.

The textbook explains that most modern economies combine elements of market and planned systems.

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5. Explain the characteristics of a mixed economy.

A mixed economy combines:

🏢 Private enterprises
🏛️ Government involvement
💰 Private ownership
⚖️ Government regulation
🏭 Public-sector enterprises
🤝 Market competition

The textbook identifies India as a mixed economy and explains that government and private players coexist in the economy.

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6. Explain the role of government and markets in a mixed economy.

The government contributes through:

🏥 Welfare programmes
🛣️ Public goods
🛡️ Consumer protection
⚖️ Fair competition rules
🔎 Transparency

The market contributes through:

🏢 Profit-making businesses
💡 Innovation
🤝 Competition

🧠 HOTS / Analytical Questions

1. Why can all human wants not be satisfied?

2. Why do people have to make choices when resources are limited?

3. How does opportunity cost affect everyday decision-making?

4. Why should governments consider opportunity costs while allocating resources?

5. How can unlimited wants create pressure on the environment?

This is directly addressed in the chapter's end-of-chapter activity.

6. Why should economic decisions be based on data rather than guesswork?

7. How can today's economic decisions affect the future?

8. Why do pure economic systems rarely exist in reality?

9. Why is a mixed economy often considered practical?

The textbook specifically asks students to critically examine why pure economic systems rarely exist and the limitations of such systems.

🌱 Environment-Based Questions

1. How do unlimited wants put pressure on natural resources?

2. Can the fulfilment of wants and extraction of resources be balanced? Explain.

3. Why is sustainable use of resources important?

4. How can opportunity cost help in making environmentally responsible choices?

5. Explain the trade-off between short-term economic gains and long-term sustainability.

The chapter uses the example of choosing between water-intensive crops such as sugarcane and paddy and drought-resistant crops such as millets and pulses to illustrate this trade-off.

📊 Comparison Questions

1. Needs vs Wants

Needs 🏠	Wants 🎮
Essential for basic living	Desires beyond basic necessities
Food, water, shelter	Gadgets, vacations, luxury items
Usually more essential	Keep changing and expanding

The chapter gives food, water and shelter as examples of needs and gadgets, vacations and luxury items as examples of wants.

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2. Market Economy vs Planned Economy vs Mixed Economy

Market Economy 🏪	Planned Economy 🏛️	Mixed Economy 🤝
Private decisions play major role	Government plays major role	Government + private sector
Demand and supply important	Government control important	Market + regulation
Private enterprise	State-led decisions	Private ownership with regulation

The textbook explains these three broad systems and notes that most modern economies have mixed features.

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3. Labour-Intensive vs Capital-Intensive Production

Labour-Intensive 👷	Capital-Intensive 🤖
Uses more workers	Uses more machinery
Less machinery	More technology
Agriculture and handicrafts may rely more on labour	Steel and automobile industries may depend more on machinery

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🔄 Assertion–Reason Questions

1. Assertion:

Resources are scarce.

Reason: Resources are limited but human wants are unlimited.

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2. Assertion:

Every choice involves an opportunity cost.

Reason: Choosing one option means giving up another option.

The chapter explicitly states this relationship.

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3. Assertion:

Every economy faces three central economic questions.

Reason: Resources are limited and have alternative uses.

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4. Assertion:

Different economic systems answer economic questions differently.

Reason: They differ in how resources and economic decisions are organised.

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5. Assertion:

India has features of a mixed economy.

Reason: Both government and private-sector participants play important roles.

🧩 Case-Based Questions

Case Study 1 – Student's Choice

A student has ₹100. She can either buy a notebook today or save the money to buy a tennis racket later.

Questions:

a. Why does the student need to make a choice?

b. What is the opportunity cost?

c. Which economic concept is illustrated?

d. How can opportunity cost help in making better decisions?

The textbook uses this type of situation directly in its end-of-chapter activities.

Case Study 2 – Farmer's Choice

A farmer has limited land, water and labour. He can grow either barley or wheat.

Questions:

a. Why can the farmer not produce unlimited quantities of both?

b. What factors influence his decision?

c. What is the opportunity cost of choosing one crop?

d. Which economic problem is illustrated?

The chapter uses a similar farmer example to explain scarcity, choice and opportunity cost.

🏛️ Public Goods Questions

1. What are public goods?

Public goods are goods and services available to all individuals without excluding people from their use. Examples in the textbook include:

🌳 Parks
🛣️ Roads
👮 Police services
💡 Street lights
📚 Basic education

2. Why are public goods important?

3. Why does the government provide certain public goods?

4. What is the role of government in a mixed economy?

🎯 Top 10 Questions for Exam Revision

If students have limited time, prepare these first:

1. ⭐ **What does economics deal with?**
2. ⭐ **Explain scarcity, choice and opportunity cost.**
3. ⭐ **Explain the three key questions in economics.**
4. ⭐ **What are the factors of production?**
5. ⭐ **Differentiate between labour-intensive and capital-intensive production.**
6. ⭐ **Explain market, planned and mixed economies.**
7. ⭐ **Why is India described as a mixed economy?**
8. ⭐ **Explain the role of government and market in a mixed economy.**
9. ⭐ **How do unlimited wants create pressure on the environment?**

10. ⭐ **Why is opportunity cost important in economic decision-making?**

These cover the chapter's central concepts and closely reflect the textbook's own end-of-chapter questions.

📌 Quick Revision Chart

💰 THE PROBLEM OF CHOICE

Unlimited Wants ♾️
+
Limited Resources 📦
⬇️

⚠️ SCARCITY

⬇️

🤔 CHOICE

⬇️

🔄 OPPORTUNITY COST

⬇️

📊 THREE KEY QUESTIONS

What to Produce?
⬇️
How to Produce?
⬇️
For Whom to Produce?

⬇️

🏛️ ECONOMIC SYSTEMS

🏪 **Market**
🏛️ **Planned**
🤝 **Mixed**

The chapter concludes that economics is fundamentally about making choices in a world of scarce resources and unlimited wants, with opportunity cost at the centre of those choices.