BASIC ECONOMIC PROBLEM

It revolves around scarcity and the allocation of limited resources:

🧠 Basic Economic Problem – MCQs

1. **What is the fundamental economic problem faced by all societies?**
   A. High unemployment rates
   B. Scarcity of resources
   C. Low inflation
   D. Decreased supply of goods
   Answer: B) Scarcity of resources
2. **Which of the following is NOT considered one of the basic economic problems?**
   A. What to produce
   B. How to produce
   C. Who to produce for
   D. How to distribute taxes
   Answer: D) How to distribute taxes
3. **The problem of scarcity in economics refers to:**
   A. A shortage of money
   B. A lack of resources relative to human wants
   C. The difficulty of managing economic systems
   D. Inefficient government spending
   Answer: B) A lack of resources relative to human wants
4. **Which question does the problem of "how to produce" address?**
   A. The method of producing goods and services
   B. The distribution of resources
   C. The decision on which resources to distribute
   D. The problem of scarcity
   Answer: A) The method of producing goods and services
5. **In a market economy, how is the problem of "for whom to produce" solved?**
   A. Government regulations
   B. Price systems and income distribution
   C. Central planning by the state
   D. Increasing taxes on wealthier consumers
   Answer: B) Price systems and income distribution

📘 More MCQs on Scarcity & Opportunity Cost

1. **Which of the following best defines opportunity cost?**
   A. The total cost of all alternatives
   B. The cost of the least expensive alternative
   C. The value of the next best alternative foregone
   D. The monetary cost of a decision
   Answer: C) The value of the next best alternative foregone
2. **Scarcity exists because:**
   A. Governments limit production
   B. Resources are unlimited
   C. Human wants exceed available resources
   D. Prices are too high
   Answer: C) Human wants exceed available resources

3. **If a country chooses to produce more military goods and fewer consumer goods, the opportunity cost is:**
    A. The cost of military goods
    B. The consumer goods not produced
    C. The wages paid to soldiers
    D. The taxes collected
    Answer: B) The consumer goods not produced
4. **Which of the following would increase the problem of scarcity?**
    A. Discovery of new resources
    B. Improved technology
    C. Decrease in fish stocks
    D. Increase in labor productivity
    Answer: C) Decrease in fish stocks
5. **A government decides to spend more on healthcare and less on education. This is an example of:**
    A. Economic growth
    B. Budget surplus
    C. Opportunity cost
    D. Inflation control
    Answer: C) Opportunity cost
6. **Why is choice an essential element in economics?**
    A. Because prices fluctuate
    B. Because resources have alternative uses
    C. Because governments control production
    D. Because demand is always constant
    Answer: B) Because resources have alternative uses

Let's dig deeper into the **basic economic problem**, which is all about how societies manage **scarce resources** to satisfy **unlimited wants**.

📚 Advanced MCQs on the Basic Economic Problem

1. **Which of the following best describes the basic economic problem?**
    A. Unlimited resources and limited wants
    B. Limited resources and unlimited wants
    C. Equal distribution of income
    D. Government control over production
    Answer: B) Limited resources and unlimited wants
2. **What is the primary cause of the basic economic problem?**
    A. Inflation
    B. Scarcity
    C. Unemployment
    D. Overproduction
    Answer: B) Scarcity
3. **Which of the following is a consequence of scarcity?**
    A. No need for economic systems
    B. Unlimited production
    C. The need to make choices
    D. Elimination of opportunity cost
    Answer: C) The need to make choices

4. **In economics, the term “allocation of resources” refers to:**
    A. Distributing income equally
    B. Assigning available resources to various uses
    C. Printing more money
    D. Reducing government spending
    Answer: B) Assigning available resources to various uses
5. **Which of the following questions is central to solving the basic economic problem?**
    A. How to increase population
    B. What to produce, how to produce, and for whom to produce
    C. How to reduce inflation
    D. How to eliminate scarcity
    Answer: B) What to produce, how to produce, and for whom to produce
6. **Which economic system relies on market forces to solve the basic economic problem?**
    A. Command economy
    B. Mixed economy
    C. Market economy
    D. Traditional economy
    Answer: C) Market economy
7. **What role do prices play in a market economy?**
    A. They are set by the government
    B. They help allocate scarce resources
    C. They eliminate scarcity
    D. They reduce consumer demand
    Answer: B) They help allocate scarce resources

💸 Basic Economic Problem MCQs

1. What is the fundamental economic problem every society faces?

A. Inflation
B. Unemployment
C. Scarcity
D. Overproduction

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2. Which of the following best explains scarcity in economics?

A. Unlimited resources and limited wants
B. Limited resources and unlimited wants
C. Equal distribution of resources
D. Government intervention in markets

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3. The basic economic problem leads to which of the following decisions?

A. Who should pay taxes
B. How to increase profits
C. What to produce, how to produce, and for whom to produce
D. Whether to invest in foreign markets

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4. Opportunity cost refers to:

A. The cost of production
B. The cost of missed alternatives when choosing one option
C. The price of goods in the market
D. The cost of government regulation

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5. Which of the following is *not* one of the central questions posed by the basic economic problem?

A. What to produce?
B. Where to sell the goods?
C. How to produce?
D. For whom to produce?

🧠 Economics MCQs – Round Two

1. What does the term "opportunity cost" help explain?

A. How businesses grow revenue
B. Why inflation occurs
C. Choices made due to limited resources
D. Taxation policies

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2. Which of these would be considered a *capital good*?

A. A truck used for delivering products
B. A loaf of bread
C. A mobile phone used for personal calls
D. A movie ticket

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3. A production possibility curve shows:

A. The total income earned by a country
B. The amount of labor in a firm
C. The combinations of two goods an economy can produce using all resources efficiently
D. The price of goods in a competitive market

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4. The three basic economic questions are necessary because:

A. Businesses want more profit
B. Resources are scarce
C. Governments must make laws
D. Consumers have unlimited budgets

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5. Which of these is *not* a type of economic system?

A. Mixed economy
B. Capitalist economy
C. Traditional economy
D. Bureaucratic economy

📊 Economics MCQs – Round Three

1. What is meant by ‘allocation of resources’ in economics?

A. Distribution of income among citizens
B. Use of government funds
C. Assignment of limited resources to meet needs and wants
D. Increase of trade among nations

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2. Which of these is considered a *free good*?

A. Bottled water
B. Electricity
C. Sunshine
D. Laptop

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3. The economic problem arises because:

A. Everyone has enough resources
B. Wants exceed available resources
C. Resources are infinite
D. Governments regulate markets

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4. Which of the following is a *normative statement* in economics?

A. Bangladesh has a population of over 160 million
B. Inflation increased by 6% last year
C. The government *should* reduce income inequality
D. The price of rice rose in June

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5. A mixed economy means:

A. Only private ownership of resources
B. Only public ownership of resources
C. No government intervention
D. Both private and public sectors exist

🧮 Economics MCQs – Round Four

1. Which of the following illustrates the concept of opportunity cost?

A. Paying taxes on income
B. Choosing to attend college instead of working
C. Buying products in bulk
D. Saving money for future use

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2. A centrally planned economy is characterized by:

A. Private ownership of businesses
B. Decisions made by market forces
C. Government control over resource allocation
D. Free enterprise

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3. In economics, wants are:

A. Limited and easily satisfied
B. Unlimited and constantly changing
C. Fixed over time
D. Based on consumer income

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4. What does the term ‘scarce resources’ mean?

A. Resources that are expensive
B. Resources that are rare
C. Resources that are limited relative to wants
D. Resources that are government-owned

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5. In a market economy, the allocation of resources is primarily determined by:

A. Government decisions
B. Historical patterns
C. Consumer preferences and supply-demand interaction
D. Social welfare policies

💼 Economics MCQs – Round Five

1. Which of the following is a factor of production?

A. Money
B. Raw materials
C. Land
D. Final goods

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2. What does the term "market equilibrium" refer to?

A. Government regulation of prices
B. A balance between saving and spending
C. Quantity demanded equals quantity supplied
D. Maximum profit in the market

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3. The law of demand states that:

A. When price increases, demand increases
B. When income increases, demand falls
C. When price increases, demand decreases
D. Demand remains constant regardless of price

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4. Which of the following best defines marginal utility?

A. Total satisfaction from consumption
B. Satisfaction gained from consuming one additional unit
C. Cost of producing a good
D. Income earned per hour

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5. What is a public good?

A. A good provided only to paying customers
B. A good that is rival and excludable
C. A good provided by private companies
D. A good that is non-rival and non-excludable

📚 Economics MCQs – Round Six

1. What does the term "inferior good" mean in economics?

A. A good that has poor quality
B. A good with high market price
C. A good for which demand decreases as income increases
D. A good that is produced using outdated technology

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2. Elasticity of demand refers to:

A. The ability of producers to respond to supply changes
B. The responsiveness of demand to changes in price
C. The durability of a product
D. The relationship between income and expenditure

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3. Which of the following causes a movement *along* the demand curve?

A. Change in consumer income
B. Change in price of the good itself
C. Change in taste and preferences
D. Change in population size

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4. A surplus in a market occurs when:

A. Demand equals supply
B. Demand exceeds supply
C. Supply exceeds demand
D. Government sets a price ceiling

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5. Which sector is primarily responsible for producing goods and services in a mixed economy?

A. Only the public sector
B. Only the private sector
C. Both public and private sectors
D. Foreign-owned enterprises

💡 Economics MCQs – Round Seven

1. Which of the following best defines "economic growth"?

A. Reduction in poverty levels
B. Increase in a country's population
C. Increase in the value of goods and services produced over time
D. Stability of currency exchange rates

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2. Which of the following is a *positive statement* in economics?

A. The government should lower taxes
B. Unemployment benefits are unfair
C. A rise in interest rates will reduce consumer spending
D. Every citizen deserves free healthcare

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3. The concept of "diminishing returns" means:

A. Each additional unit of input leads to increasing output
B. Costs reduce over time with efficiency
C. Adding more of one input while holding others constant eventually yields smaller output gains
D. Profits always fall in the long run

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4. What is the main goal of fiscal policy?

A. To control interest rates
B. To reduce trade deficits
C. To influence demand through government spending and taxation
D. To print more money

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5. Which term describes the total value of goods and services produced within a country's borders in a given year?

A. GNI
B. CPI
C. GDP
D. HDI

📘 Economics MCQs – Round Eight

1. Which of the following is *not* a characteristic of a market economy?

A. Consumer sovereignty
B. Central planning
C. Profit motive
D. Competition

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2. What does the term “monopoly” refer to?

A. One buyer in the market
B. Many sellers in a market
C. One seller dominating the market
D. Equal power between buyers and sellers

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3. A price ceiling is typically set:

A. Below the equilibrium price to make goods affordable
B. Above the equilibrium price to increase producer profit
C. At the market clearing price
D. To reduce demand permanently

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4. The Human Development Index (HDI) includes all *except*:

A. Life expectancy
B. Education level
C. GDP growth rate
D. Income per capita

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5. What is the main function of the central bank?

A. Providing loans to individuals
B. Managing national currency and monetary policy
C. Collecting taxes
D. Regulating imports and exports

💰 Economics MCQs – Round Nine

1. Which of the following policies is used to reduce inflation?

A. Expansionary fiscal policy
B. Monetary tightening
C. Devaluation of currency
D. Increasing government spending

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2. What does "ceteris paribus" mean in economics?

A. All variables are increasing
B. No change in consumer behavior
C. All other things being equal
D. Prices are constant

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3. The main benefit of international trade is:

A. Increased taxation
B. Reduced consumption
C. Access to a wider variety of goods and services
D. Domestic market isolation

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4. A regressive tax system means:

A. Higher-income individuals pay more
B. All individuals pay the same percentage
C. Lower-income individuals bear a greater tax burden
D. Only businesses are taxed

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5. Which of the following is a *leakage* in the circular flow of income?

A. Government spending
B. Investment
C. Exports
D. Savings

🌐 Economics MCQs – Round Ten

1. Which of the following describes a “trade-off”?

A. Buying products at discounted prices
B. Choosing one option while giving up another
C. Saving money for future needs
D. Investing in multiple sectors

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2. What is the primary role of prices in a market economy?

A. They eliminate scarcity
B. They allocate resources efficiently
C. They measure national income
D. They regulate government policy

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3. The World Bank primarily aims to:

A. Monitor global inflation rates
B. Provide financial aid to developing countries
C. Control currency exchange rates
D. Enforce trade agreements

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4. Which indicator best reflects a country’s living standard?

A. Unemployment rate
B. Exchange rate
C. GDP per capita
D. Inflation rate

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5. Which of the following policies would a government use to reduce unemployment?

A. Increase interest rates
B. Raise taxes
C. Cut public spending
D. Launch public job creation programs

☑ Answers: Basic Economic Problem

1. **What is the basic economic problem?**
   ➤ Scarcity — limited resources vs. unlimited wants and needs.
2. **Why does scarcity exist?**
   ➤ Because resources such as time, money, and raw materials are limited.
3. **What are the three fundamental economic questions?**
   ➤ What to produce? How to produce? For whom to produce?
4. **What is meant by opportunity cost?**
   ➤ The value of the next best alternative foregone when a choice is made.
5. **How does scarcity lead to choice?**
   ➤ Since we can't have everything, we must choose how to best use limited resources.
6. **What is the difference between wants and needs?**
   ➤ Needs are essentials for survival (e.g., food, shelter); wants are things we desire but can live without.
7. **Why can't all wants be satisfied?**
   ➤ Due to limited resources — not enough to meet everyone's wants.
8. **What are the main types of resources?**
   ➤ Land, labor, capital, and enterprise (entrepreneurship).
9. **What role does allocation of resources play in economics?**
   ➤ It helps determine how scarce resources are distributed to meet needs and maximize efficiency.
10. **What does "for whom to produce" refer to?**
    ➤ It concerns deciding which groups in society receive the goods and services produced.
