



3055 BA SANGAM COLLEGE

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WORKSHEET 22

SCHOOL: BA SANGAM COLLEGE

YEAR: 12

Name: _____

SUBJECT: ECONOMICS

Strand	1. Introduction to Economics
Sub Strand	1.1 Economic Problem and the Production Possibility Curve
Content Learning Outcome	EC 12.1.1.1 Analyse the relationship between the economic problem and the Production Possibility Curve (PPC).

REVISION – PRODUCTION POSSIBILITY CURVE

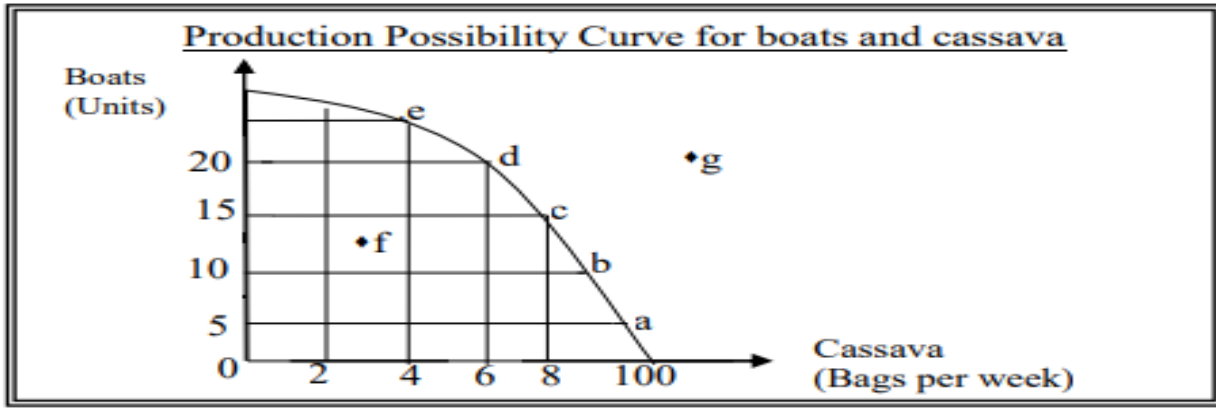
MULTIPLE CHOICES

(2 marks)

- The measure of extent of the sacrifice of moving from one point on the Production Possibility Curve to another is known as the
 - opportunity cost.
 - marginal rate of transformation.
 - law of diminishing returns.
 - principle of increasing cost.
- An economy achieves allocative efficiency when it is producing
 - to minimise economic welfare.
 - on its production possibility curve.
 - maximum output with the given level of resources.
 - the unique combination of goods that best meets the needs of that society.

SHORT ANSWER QUESTIONS

Study the diagram below on the Production Possibility Curve (PPC) and answer questions (i) to (v).



(i) Define efficiency.

_____ (1 mark)

(ii) State one assumption of the PPC curve.

_____ (1 mark)

(iii) Identify a point which shows full employment from the PPC above.

_____ (1 mark)

(iv) Identify the production efficient points.

_____ (1 mark)

(v) Calculate the following: `

I. marginal rate of transformation of increasing boats by moving from Point c to d.

II. opportunity cost of producing each additional unit of bags of cassava when the economy is increasing production from 6 to 8 bags. _____

(2 marks)

(vi) Illustrate in the PPC above and discuss the shift in the PPC if boat production increased due to improvement in resources.

 _____ (2 marks)