MCQs for Chapter 1: Introduction to Economics and Statistics

1. Who described Economics as "the study of man in the ordinary business of life"?
   A. Adam Smith
   B. Alfred Marshall
   C. John Maynard Keynes
   D. Lionel Robbins

2. When a person buys goods to satisfy their own personal needs or those of their family, they are known as a/an:
   A. Producer
   B. Seller
   C. Consumer
   D. Employee

3. Which of the following is considered an economic activity?
   A. Working for a monetary gain
   B. Attending a school lecture
   C. Sleeping
   D. Playing a sport for leisure

4. A doctor providing medical treatment is categorized as a/an:
   A. Employer
   B. Employee
   C. Producer of services
   D. Consumer of services

5. What is the fundamental cause (root) of all economic problems?
   A. Unlimited wants
   B. Scarcity
   C. High prices
   D. Unemployment

6. Which statement accurately reflects the nature of resources in the context of economics?
   A. Resources are unlimited and have a single use.
   B. Resources are limited but have unlimited uses.
   C. Resources are limited and have alternative uses.
   D. Resources are unlimited and have alternative uses.

7. Why must an individual choose only those things they want the most, given a fixed pocket money?
   A. Because wants are limited
   B. Because resources have alternative uses
   C. Because resources are scarce
   D. Because prices are high

8. Which of the following is a manifestation of scarcity faced in daily life?
   A. Shortage of essential commodities
   B. Reading a book

C. Being paid a salary

D. Buying a gift

9. The problem of choice arises because:
   A. Resources are unlimited
   B. Resources have alternative uses
   C. Consumers prefer variety
   D. Producers want maximum profit

10. The study of how a producer chooses what and how to produce for the market is called:
    A. Consumption
    B. Distribution
    C. Production
    D. Analysis

11. The division of national income (or Gross Domestic Product) into wages, profits, and interest is the study of:
    A. Consumption
    B. Production
    C. Distribution
    D. Scarcity

12. In the context of Distribution, which categories represent the division of national income?
    A. Goods, services, and land
    B. Wages, salaries, and taxes
    C. Wages (salaries), profits, and interest
    D. Land, labor, and capital

13. Modern economics requires reliable facts in terms of numbers to study basic problems like:
    A. Poverty and disparity in society
    B. Weather patterns
    C. Literature
    D. Personal preferences

14. What is the study of numbers relating to selected facts in a systematic form called?
    A. Analysis
    B. Policy formulation
    C. Economic Law
    D. Statistics

15. Economic facts collected for analysis are also known as:
    A. Economic policies
    B. Economic indicators
    C. Economic data
    D. Quantitative attributes

16. What is the primary purpose of analyzing an economic problem using data?
    A. To introduce new commodities
    B. To understand and explain the causes behind the problem
    C. To limit consumer wants
    D. To convert qualitative data into quantitative data

17. Measures designed to mitigate or solve an economic problem are known in Economics as:
    A. Data
    B. Policies
    C. Statistics
    D. Wages

18. Statistics is a branch of mathematics used in disciplines such as economics, management, and physics. It deals with the collection, analysis, interpretation, and presentation of:
    A. Qualitative theories
    B. Numerical data
    C. Philosophical concepts
    D. Vague statements

19. A statement like "The production of rice in India increased from 39.58 million tonnes to 106.5 million tonnes" is an example of:
    A. Qualitative data
    B. Primary data
    C. Quantitative data
    D. Attribute data

20. Information describing attributes that cannot be measured in numerical terms, such as 'gender' or 'degrees of skill' (e.g., highly skilled), is known as:
    A. Quantitative data
    B. Economic data
    C. Statistical data
    D. Qualitative data

21. What is the statistical step following the presentation of data in tabular or graphic forms?
    A. Collection of data
    B. Summarization by calculating numerical indices (like mean, variance)
    C. Finding relationships
    D. Formulating policies

22. Which statistical index is used to summarize data and represents the broad characteristics of a collected set of information?
    A. Consumer wants
    B. Scarcity
    C. Average income (mean)
    D. Wages

23. Why is it important for an economist to present economic facts in a "precise and definite form"?
    A. Because vague statements are more convincing
    B. Because exact facts are more convincing
    C. To reduce the problem of scarcity
    D. To increase the number of economic problems

24. Statistics helps in condensing mass data. For example, instead of remembering every individual income, an economist can remember the:
    A. Total national income
    B. Average income

C. Highest income

D. Lowest income

25. An economist uses statistical methods to verify relationships. An example of such a relationship is finding out what happens to the demand for a commodity when:

A. Its producer changes location

B. Its price increases or decreases

C. The government issues a new law

D. The resource becomes unlimited

26. Why is the knowledge of Statistics essential for economic planners?

A. To ensure resources have only alternative uses

B. To avoid the problem of choice

C. For predicting future trends and formulating plans

D. To define economics as "the study of man in the ordinary business of life"

27. In decision-making, such as deciding how much oil India should import, Statistics helps determine:

A. The number of consumers

B. The expected domestic production and the likely demand

C. The historical average depth of the ocean

D. The total number of employees in the oil sector

28. Which statement serves as a vital caution regarding the use of statistics?

A. Statistical methods are mandatory for every economic decision.

B. Statistical methods are a substitute for common sense.

C. Statistical methods are no substitute for common sense.

D. Statistical facts are always vague.

29. The story of the family drowning while crossing a river after calculating the average depth illustrates:

A. The inability of statistics to predict consumption

B. The fault of the statistical method (average)

C. The correct application of statistical averages

D. The misuse of statistical averages

30. According to the comprehensive definition used by many economists, Economics studies how people and society choose to employ scarce resources that could have alternative uses to produce commodities and then:

A. Collect all economic data.

B. Analyze the causes of unemployment.

C. Distribute them for consumption among various persons and groups in society.

D. Only study quantitative data.

Answer Key

1. B. Alfred Marshall
2. C. Consumer
3. A. Working for a monetary gain
4. C. Producer of services
5. B. Scarcity
6. C. Resources are limited and have alternative uses.
7. C. Because resources are scarce
8. A. Shortage of essential commodities
9. B. Resources have alternative uses
10. C. Production
11. C. Distribution
12. C. Wages (salaries), profits, and interest
13. A. Poverty and disparity in society
14. D. Statistics
15. C. Economic data
16. B. To understand and explain the causes behind the problem
17. B. Policies
18. B. Numerical data
19. C. Quantitative data
20. D. Qualitative data
21. B. Summarization by calculating numerical indices (like mean, variance)
22. C. Average income (mean)
23. B. Because exact facts are more convincing
24. B. Average income
25. B. Its price increases or decreases
26. C. For predicting future trends and formulating plans
27. B. The expected domestic production and the likely demand
28. C. Statistical methods are no substitute for common sense.
29. D. The misuse of statistical averages
30. C. Distribute them for consumption among various persons and groups in society.