



**HOLIDAY HOMEWORK  
CLASS IX A IGCSE**

**SUMMER BREAK 2018-19  
SUBJECT : ECONOMICS**

**UNIT 1: THE BASIC ECONOMIC PROBLEM**

- Q1.** Decide which of the following are scarce:
- Vacancies for university degree courses
  - Foreign holidays
  - Health care
- Q2.** A firm is currently using 12 machines. Each machine is capable of producing 100 units of output. It anticipates that by the end of the year, 3 of its machines will wear out. If it expects to sell 1600 units next year:
- How many machines will it buy?
  - Why in the future may fewer machines be needed to produce the same output?
- Q3.** Decide which of the following would raise labour productivity:
- Improved education and training
  - Better equipment
  - Worse working conditions
- Q4.** After studying for this examination you decide to continue your studies and take further examinations.
- How does this decision involve an opportunity cost? Explain your answer.
  - What are the economic factors you might consider while making such a decision?
- Q5.** Explain the term scarcity and opportunity cost.

**UNIT 2 : ALLOCATION OF RESOURCES**

- Q1.** India has a long tradition of government planning but the degree of government intervention in the economy has been reduced in the last two decades. Privatisation started in 1991, with the creation and sale of a small number of shares in some SOEs. This process speeded up in the first decades of the 2000s. In 2004, for instance, the Indian government sold off some of its shares in the Oil and Nation Gas Corporation and some shares in the airports of Delhi and Mumbai, hoping that this would stimulate more investment and greater efficiency. This privatisation has been opposed by the communist parties of India which argue that firms perform better in the public sector.
- Explain one reason for better performance of a firm when:
    - it is in the private sector
    - It is in the public sector.

- Q2.** Using the following demand schedule, plot the demand curve for rooms in a hotel in Delhi.

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PRICE (RUPEES)	NUMBER OF ROOMS
800	10
700	20
600	35
500	55
400	80
300	110

- Q3.** A shop changes the price of a can of soft drink from \$3 to \$2 and as a result, demand changes from 40 cans a day to 50 cans.
- Illustrate this change on a demand curve.
  - Identify whether demand had extended or contracted.

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- Q4.** As the 2006 World Cup approached, sales of Brazilian football shirts increased not only in Brazil but also in a number of other countries. Two weeks before the competition started, shops in London and Sao Paulo reported that demand for shirts was outstripping supply.
- On a demand and supply diagram, illustrate the market for Brazilian football shirts in Sao Paulo two weeks before the 2006 World Cup.
  - What would you have expected to happen to the price of Brazilian football shirts in Sao Paulo in this situation? Explain your answer.

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- Q5.** In China, urban incomes rose by more than 11% in 2011. This contributed to a rise in demand for mobile phones, making China the world's largest mobile phone market, with approximately 350 million handsets.
- Illustrate the change in demand for mobile phones in China on a diagram.
  - Is a mobile phone, a normal or inferior good? Explain your answer.

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- Q6.** Youngsters throughout the world are turning away from buying newspapers to new forms of media for their information and entertainment. For instance, in the UK, in 1973, 80% of 15-24 year olds read a (paid for) national newspaper. By 2005, this percentage had fallen to 46%. A study carried out by News International in 2004 found a number of reasons for this trend. These include young people having less time, less need, less interest and less opportunity to buy newspapers and declining importance of newspapers for youngsters. There are now many rivals to newspapers including television, radio and the internet. The youngsters who do buy newspapers tell the researchers that they read them more for entertainment than news. 4
- What percentage of 15-24 year olds did not read a 'paid for' national newspaper in 2005?
  - Explain two reasons why young people throughout the world are demanding fewer newspapers.
  - Does the extract suggest that internet is a substitute for or a complement to newspapers? Explain your answer.
  - Discuss two ways through which newspaper publishers could raise demand for their newspapers.
- Q7.** Use a demand and supply diagram to illustrate the effect of the following events on the market for economics books in India: 4
- A successful advertising campaign run in the country by publishers of economics books.
  - A decrease in the number of students studying economics.
- Q8.** Decide in each case, whether the following would cause an extension in demand, a contraction in demand, an increase in demand or a decrease in demand for fish in a country: 4
- A rise in the price of fish.
  - A report that eating fish reduces heart diseases
  - Net emigration
  - A fall in the price of chicken
- Q9.** In each case, using a demand and supply diagram, analyse the effect on the market for Ghanaian football shirts:
- A fall in incomes in Ghana and neighbouring countries.
  - Ghana winning the world cup.
- Q10.** In September 2005, Vietnam suffered an outbreak of avian (bird) flu. Thousands of chicken, suspected of having the disease, were slaughtered and millions of healthy chicken were vaccinated. This action was taken to prevent the spread of the disease not only among the chicken population but also to the human population. Use a demand and supply diagram to analyse the effect, this is likely to have on the market for chicken in Vietnam.
- Q11.** In Japan persistent worries about job security, high unemployment and a steady fall in income have caused a reduction in the consumer expenditure. This has led to a decrease in prices of some products.
- Explain how the price of the good is determined by market forces.
  - Use demand and supply analysis and diagrams to explain how the reasons given in the above extract could cause a fall in the price of a product.
- Q12.** Answer the following questions:
- Explain the difference between equilibrium price and disequilibrium price.
  - Many more people travel by aeroplane today than ten years ago. With the help of a demand and supply diagram, explain what might have happened in the market for air travel to cause this increase.