



Provincial Department of Education Sabaragamuwa
– Weekly School

Subject - Economics

Week - 4

Grade - 12

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Competency 01 – Comparatively analyses basic economic problems and the alternative ways of solving the basic economic problems in an economic system.

Competency level 1.4 – Analyses the central problem of economics, logically.

Scarcity –

Compared to human wants resources are relatively limited and it is called scarcity.

- The problem of scarcity arises with the existence of two main characteristics of a society.
 1. At a given period of time human wants being unlimited.
 2. At a given period of time resources used to produce goods and services to fulfill human wants being limited.

Assessment

1. Why scarcity is considered as the central problem of economics?
2. Why the problem of choice arises in an economic system?
3. What is “opportunity cost”?
4. Name three situations where opportunity cost can be zero?