Class 9 Social Science Chapter 8: Building Blocks in Economics: The Problem of Choice - Notes, Important Questions and MCQs (2026-27)

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These Class 9 Social Science Chapter 8 notes cover “Building Blocks in Economics: The Problem of Choice” from the new NCERT textbook Understanding Society: India and Beyond (Part 1, 2026-27): needs and wants, scarcity and choice, opportunity cost, the production possibility curve, the three central questions of an economy, and how market, planned and mixed economies answer them – with tables, Q&A, 10 MCQs and a free PDF.

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Chapter Overview

Economics deals with how individuals and societies make choices to use limited resources to satisfy unlimited wants. Because resources like land, money and time are scarce, every choice involves giving up something – the opportunity cost.

Every economy must answer three central questions: what to produce, how to produce and for whom to produce. Market economies answer them through private decisions and demand and supply, planned economies through government control, and mixed economies like India through a combination of both.

Important Topics and Concepts

Needs, Wants and Scarcity

- Needs are essentials for survival (food, clothing, shelter); wants are desires beyond needs.
- Human wants are unlimited, but resources are limited – this is scarcity.
- Scarcity forces individuals, firms and governments to make choices.
- Time is also a scarce resource.

Opportunity Cost

- The value of the next best alternative given up when a choice is made.
- Example: choosing to study for a test instead of playing – the opportunity cost is the game.
- A farmer using land for wheat gives up the barley that land could grow.
- Every economic decision involves trade-offs.

Production Possibility Curve (PPC)

- The PPC shows different combinations of two goods that can be produced with given resources and technology.
- Points on the curve use resources fully; points inside show under-use; points outside are unattainable.
- Moving along the curve shows the opportunity cost of producing more of one good.
- The curve shifts outward with more resources or better technology (growth).

Central Questions of an Economy

- What to produce and how much: which goods and services, given limited resources.
- How to produce: choice of technique – labour-intensive or capital-intensive – depending on cost, technology and product.
- For whom to produce: how output is distributed among people with different incomes and needs.
- The annual Economic Survey (Ministry of Finance) reviews how India’s economy is performing.

Economic Systems

- Market economy: private individuals and firms decide; prices set by demand and supply; profit motive.
- Planned economy: a central planning authority decides what, how and for whom to produce.
- Mixed economy: both market and government play roles; government provides public goods and welfare.
- Public goods (parks, street lights, defence) are available to all and one person’s use does not reduce others’.
- India followed a mixed economy with planning after Independence; the 1991 reforms moved it towards a more market-oriented system while keeping a strong government role.

PPC Example (Wheat vs Barley)

Illustrative schedule.

Combination	Wheat (tonnes)	Barley (tonnes)	Opportunity cost of 1 more tonne of wheat
A	0	15	—
B	1	14	1 tonne barley
C	2	12	2 tonnes barley
D	3	9	3 tonnes barley
E	4	5	4 tonnes barley
F	5	0	5 tonnes barley

Market vs Planned vs Mixed Economy

Basis	Market	Planned	Mixed
Decision maker	Private individuals and firms	Government planning authority	Both
Prices	Demand and supply	Fixed by government	Mostly market, some control
Ownership	Private	State	Both
Motive	Profit	Social welfare	Profit and welfare
Example	USA (largely)	Former USSR	India

Important Definitions and Terms

Term	Meaning
Economics	Study of choices in using scarce resources
Needs	Essentials for survival
Wants	Desires beyond basic needs
Scarcity	Limited resources compared to unlimited wants
Opportunity cost	Value of the next best alternative given up
PPC	Curve showing combinations of two goods producible with given resources
Labour-intensive	Technique using more labour
Capital-intensive	Technique using more machines
Public goods	Goods available to all without exclusion
Mixed economy	System combining market and government roles

Short Answer Questions

Q1. What is the basic problem of economics?

Scarcity – limited resources to meet unlimited wants, which forces choice.

Q2. Define opportunity cost with an example.

Q3. What does a point inside the PPC show?

Resources are unemployed or used inefficiently.

Q4. What are the three central problems of an economy?

What to produce, how to produce and for whom to produce.

Q5. Differentiate between labour-intensive and capital-intensive techniques.

Labour-intensive uses more workers; capital-intensive uses more machines and technology.

Q6. Who makes decisions in a planned economy?

A central planning authority of the government.

Q7. Give two examples of public goods.

Parks and street lights (also national defence).

Q8. What is the Economic Survey?

An annual report by the Ministry of Finance, presented in Parliament before the Budget, reviewing the economy.

Long Answer Questions

Q1. Explain the production possibility curve with an example.

It shows combinations of two goods producible with full use of given resources.

Example: a farmer can grow different mixes of wheat and barley.

Producing more wheat requires giving up some barley – opportunity cost.

Points inside show under-use; outside are not possible now.

Better technology or more resources shift the curve outward.

Q2. Explain the three central problems of an economy.

What to produce: which goods and in what quantities.

How to produce: choice of technique based on cost, technology and nature of product.

For whom to produce: distribution among consumers of different incomes.

All arise from scarcity of resources.

Different economic systems solve them differently.

Q3. Compare market, planned and mixed economies.

Market: private decisions guided by demand, supply and profit.

Planned: government decides production and prices for social goals.

Mixed: combines both; government provides public goods and welfare.

India is a mixed economy; 1991 reforms increased the market’s role.

Each system answers the central questions differently.

MCQs with Answers

1. The root cause of economic problems is(a) abundance (b) scarcity (c) unemployment (d) inflationAnswer: (b) scarcity

2. Next best alternative forgone is called(a) marginal cost (b) opportunity cost (c) fixed cost (d) priceAnswer: (b) opportunity cost

3. A point outside the PPC is(a) efficient (b) inefficient (c) unattainable (d) freeAnswer: (c) unattainable

4. “For whom to produce” relates to(a) technique (b) distribution (c) quantity (d) locationAnswer: (b) distribution

5. Prices are fixed by demand and supply in a(a) planned economy (b) market economy (c) barter system (d) feudal systemAnswer: (b) market economy

6. India is a(a) market economy (b) planned economy (c) mixed economy (d) barter economyAnswer: (c) mixed economy

7. Economic Survey is prepared by the(a) RBI (b) Ministry of Finance (c) NITI Aayog (d) ParliamentAnswer: (b) Ministry of Finance

8. Which is a public good?(a) mobile phone (b) street light (c) car (d) chocolateAnswer: (b) street light

9. India’s major economic reforms began in(a) 1951 (b) 1975 (c) 1991 (d) 2005Answer: (c) 1991

10. Using more machines is(a) labour-intensive (b) capital-intensive (c) land-intensive (d) time-intensiveAnswer: (b) capital-intensive

Quick Revision Points

- Needs vs wants; scarcity → choice.
- Opportunity cost = next best alternative.
- PPC: on, inside, outside; outward shift = growth.
- What, how, for whom.
- Market, planned, mixed; public goods.
- Economic Survey; 1991 reforms.

Chapter Summary

Economics studies how people and societies choose among alternative uses of limited resources to satisfy unlimited wants. Every choice has an opportunity cost, and the production possibility curve shows these trade-offs for two goods.

All economies must decide what, how and for whom to produce. Market economies rely on prices and private decisions, planned economies on government planning and mixed economies like India on both, with the government providing public goods. India’s 1991 reforms shifted it towards greater market orientation.

Exam Tips and PYQ Pattern

- Define opportunity cost with your own example.
- Draw and label a PPC neatly.
- Learn the three-economy comparison table.
- Three central problems are a common 3-mark question.
- Link examples to daily life – pocket money, time, family budgets.

Frequently Asked Questions

Is this chapter in the 2026-27 CBSE syllabus?

Yes. It is part of the new NCERT Class 9 Social Science textbook “Understanding Society: India and Beyond” (Part 1), prescribed for the 2026-27 session.

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What is opportunity cost?

The value of the next best alternative given up when making a choice.

What are the three central problems of an economy?

What to produce, how to produce and for whom to produce.

Conclusion

The Problem of Choice lays the foundation of economics. Learn the PPC and economy comparison tables, practise the Q&A here and save the free PDF for revision.

More Notes: Class 9 Social Science Chapter 7: Elections notes | Class 9 Social Science Chapter 9: The Price Puzzle: What Drives the Market notes | All Class 9 Social Science notes

Author Bio: Written and reviewed by the Nextoper Editorial Team, a group of CBSE social science educators who build chapter notes directly from the NCERT textbook and past board paper patterns.

Freshness Note: These notes follow the NCERT Class 9 Social Science textbook, Understanding Society: India and Beyond (Parts 1 and 2, first edition 2026, NCF-SE 2023), and the CBSE syllabus for the 2026-27 session. Last checked on 23 November 2026.