

- 1 India is failing to reach its full economic potential because of poor rail, road and electricity infrastructure, and a lack of skilled civil engineers.

Which factors of production need to be increased?

- A capital and land
- B enterprise and capital
- C labour and capital
- D land and enterprise

- 2 The fundamental economic question is how to meet unlimited wants with limited resources.

What is an example of limited resources?

- A insufficient consumer goods in the local shops
- B insufficient jobs to allow full employment
- C insufficient machinery to produce electrical goods
- D insufficient tax revenue to finance building a school

- 3 Which statement is **not** a positive economic statement?

- A An increase in the rate of income tax decreases the wish to save.
- B An increase in the rate of income tax has a greater impact the greater the level of income.
- C An increase in the rate of income tax causes more hours of work to be supplied.
- D An increase in the rate of income tax is the fairest way to finance the national health service.