(0 marks as no reference to diagram)

**Production possibility curve:**

The production Possibility curve is the presentation with the graph that shows that how can we get the maximum output from the given input while producing more than one products at the same time. Production Possibility curve tells us that you are confined in term of resources, and what you can get and what you have to leave with existing resources.

**Scarcity: (1)**

In the economy, we are in the state that we can’t satisfy our desires. Because desires are unlimited and we don’t have much resources to supply all of our wants. This means that we are in the condition of limited resources. The production possibility curve is the real shape of the scarcity.

**Example**

If a company makes 100 computers in 24 hours with the existing resources (inputs), if company wants to increase the quantity of computers in 24 hours, company cannot produce more than 100 until any technological change takes place.

**Choice: (2)**

Because of the concept of unlimited wants and limited resources (which is scarcity), man has to choose the best thing which satisfy him relatively greater than the other thing.

**Example**

If a person wants to buy the laptop but his income (resources) does not allow him to buy laptop, then he purchase the desktop system, in this situation he chooses and this is the choice which he has to take.

**Opportunity cost:**

The opportunity cost is what you get and what you lose to get.

**Examples**

A student has exam tomorrow and he does not go with his friend at night and studied and gets good score in the exam, the cost of his “good-score” is “not to go with friends to hang-out” at night.