

# CENTRAL PROBLEM OF AN ECONOMY

LET'S  
START  
WHOO-HOO!

## INTRODUCTION

- Every society have limited resources and unlimited wants. So that every economy have to face problem of choice i.e., every society have to decide on how to use its scare recources.

scarcity



Problem  
of  
choice

# 3 MAJOR PROBLEM!



## 1. WHAT TO PRODUCE?

What is produced and in what quantity

## 2. HOW TO PRODUCE?

How are these goods produced



## 3. FOR WHOM TO PRODUCE?

For are are these goods produced

A graphic of a spiral-bound notebook with a white page and a red cover, set against a green background. The spiral binding is at the top. On the left side, there are two horizontal sticky tabs, one yellow and one pink. In the center of the page, the number '01' is written in a bold, black font, enclosed within a light green circular arrow graphic. Below the number, the text 'What to produce?' is written in a bold, dark red font. At the bottom right of the page, there is a yellow arrow pointing to the right.

**01**

**What to produce?**



## Every society has many goods and services to produce

They have to decide which type of goods or services to produce.

**Whether to have.....**

- **Agricultural or Industrial Goods&services**
  - **Essential goods**(food, clothing, housing) or **Luxury goods**
- **Education and health or Building military services**
  - **Consumption goods or Investment goods**
  - **Basic education or Higher education**

