



QUESTION BANK

Karanjia Auto College Karanjia Mayurbhanj

+3 1st YEAR ARTS (1st SEMESTER) CORE-1 INTRODUCTORY MICRO ECONOMICS GROUP-A

Each question carries one mark.

1. Economics is derived from ____ word.
2. ____ is the basic economic unit.
3. Economics is a _____ science.
4. Alfred Marshall gave the _____ definition of economics.
5. Who is the father of economics?
6. The book written by Adam Smith is _____.
7. A theory consists of _____.
8. _____ is an economic mode of presenting a theory.
9. Economic model consist of a set of _____.
10. Ceteris paribus is simply known as _____.
11. What is a theory?
12. What is an assumption?
13. Circular representation of data can be shown in _____.
14. _____ is an arrangement of data in chronological order.
15. Price of a good and its quantity demanded are _____ related.
16. The graphical illustration of demand schedule is called _____.
17. Demand curve is _____ sloped.
18. In law of demand Giffen goods are treated as _____ goods.
19. Pen and ink are considered to be _____ goods.
20. The movement along the demand curve causing reduction in demand is called _____.
21. If the demand curve shifts to right, the quantity demanded _____ at any given price.
22. The law of supply shows _____ relationship between price and quantity supplied.
23. The price at which demand for and supply of goods is equal, is called _____.
24. What causes the shift of demand curve to the right?



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25. What happens to demand for a good if its demand curve shifts to the left?
26. The measure of responsiveness of quantity demand to change in price is called _____.
27. The value of perfectly elasticity of demand is _____.
28. The value of perfectly inelastic demand is _____.
29. If the total expenditure spent on goods increases with fall in price, the demand is said to be _____.
30. What is shape of perfectly elastic demand?
31. What happens to total expenditure spent on a good if the elasticity of demand for that good is unit elastic?
32. Consumer surplus is closely related to the _____ curve for a product.
33. The difference between the amounts a buyer is willing to pay for a good and amount actually paid is called _____.
34. The consumer surplus _____ with lower prices.
35. The producer surplus is closely related to _____ curve.
36. What happens to producer surplus if the price of the product rises?
37. Budget constraint is applicable to _____ numbers of goods.
38. The shape of budget line is _____.
39. _____ And _____ are given for the construction of a budget constraint.
40. The consumer purchases the combination that lies _____ the budget line.
41. If the income of the consumer increases, the budget line _____.
42. The normal shape of income consumption curve is _____.
43. The shape of the indifference curve for perfect substitute is _____.
44. The shape of the indifference curve in case of perfect complementary goods is _____.
45. Why does price line shift to the right.
46. The shape of total fixed cost curve is _____.
47. The average cost curve is _____ shape.
48. When MC is greater than AC, the AC will _____.



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49. MC equals to AC at _____ of the average cost curve.
50. Which curve is called envelop curve?
51. What is the shape of MC?
52. A firm attains equilibrium when _____.
53. When average cost is less than average revenue _____ profit is earned.
54. The shape of average revenue is _____ in perfectly competitive market.
55. In the long run _____ profit is earned.
56. Equilibrium is a state of _____.
57. The value of marginal product _____ with increase in employment of labour.
58. The value of marginal product _____ with increase in employment of labour.
59. Marginal revenue product = marginal physical product* _____.
60. Higher price _____ the producer surplus.

GROUP-B

Each question carries two marks

Short answer type questions within two to three sentences.

1. What is opportunity cost?
2. What is theory?
3. What is a law?
4. What is production possibility frontier?
5. What is micro economics?
6. What is positive economics?
7. What do you mean by normative science?
8. Why does demand curve shift left or right?
9. What does the slope of demand curve shows us?
10. What is graph?
11. What is the relationship between price and quantity demand?
12. How can you derive market demand curve from individual demand curve?
13. What is market in economics?



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14. What is stable equilibrium?
15. What is partial equilibrium?
16. What is supply price?
17. What do you mean by demand?
18. Define elasticity of demand?
19. What elasticity of demand?
20. What does unit elasticity of demand refer to?
21. Describe arc elasticity of demand?
22. Define cross elasticity of demand?
23. What is elasticity of supply?
24. What is consumer surplus?
25. What is producer surplus?
26. How is consumer surplus measured?
27. What is budget constraint?
28. Why does the budget line slope downward?
29. What do you mean by trade-off?
30. Why does a budget line shift?
31. What is income effect?
32. What is price consumption curve?
33. What is substitution effect?
34. What does the indifference curve show?
35. What is cost function?
36. What is short run?
37. Distinguish between short-run and long-run?
38. Distinguish between fixed factor and variable factor?
39. What is the relation between average cost and marginal cost?
40. What is social cost?
41. What do you mean by accounting cost?
42. What do you mean by real cost?
43. What is implicit cost?
44. Define marginal cost?
45. What is market period?
46. What is normal profit?



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47. Define perfect competition?
48. What do you mean by homogeneous goods?
49. What is marginal physical product?
50. What is equilibrium wage rate?

GROUP-C

Each question carries three marks.

1. Write a short note on how people make decision.
2. Write a short note on the scientific method.
3. Write a short note on economist as scientist.
4. Write a short note on observation.
5. Write a short note on role of assumptions.
6. Write a short note on Economic model.
7. Write a short note on why economists disagree.
8. Write a short note on uses of graphs in economics.
9. How can you derive market demand curve from individual demand curve?
10. How is consumer surplus measured?
11. What is producer surplus?
12. What are the types of income elasticity of demand?
13. What is cross elasticity?
14. Distinguish between relatively elastic and relatively inelastic demand?
- 15.
16. Distinguished between short-run and long-run?
17. State the properties of Indifference curve?
18. State two extreme example of indifference curves with diagrams?
19. What is price effect?
20. What is income effect?
21. Distinguished between fixed factor and variable factor?
22. What is the relation between average cost and marginal cost?
23. What is the use of mathematics in economics?
24. Distinguish between contraction of demand and decrease in demand?



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25. Why does supply curve shift to the right?
26. What is substitution effect?
27. Distinguish between perfectly elastic and perfectly inelastic demand?
28. What is producer surplus?
29. How is consumer surplus measured through demand curve?
30. How is consumer surplus measured?
31. What is budget constraint?
32. Why does the budget line slope downward?
33. What do you mean by trade-off?
34. Why does a budget line shift?
35. What is deadweight loss?
36. Why does indifference curve slope downward from left to right?
37. What is price effect?
38. What is the effect of change in prices of two goods on budget line?
39. What is marginal rate of substitution?
40. What is an inferior good?
41. What do you mean by Giffen's good?
42. Distinguish between budget line and budget constraint?
43. Distinguish between fixed cost and variable cost?
44. Why does average cost take the shape of U shape?
45. State the relationship between average cost and marginal cost?
46. Distinguish between fixed and variable cost?
47. What is shutdown point?
48. Show the short run marginal cost curve of a competitive firm?
49. What is the condition for long run equilibrium under perfect competition?
50. What do you mean by external economies?
51. What are the factors responsible for shift in the labour supply curve?
52. What are the factors responsible for shift in the labour demand curve?
53. Why is the labour supply curve backward bending?



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54. What do you mean by marginal productivity?

GROUP-D

Each question carries 7 marks

1. How do people make decisions? Describe four principles on decision-making made by the people.
2. Describe the subject matter of economics in detail.
3. What is assumption? What is its role in economic theory?
4. What is demand? What are the factors influencing demand?
5. Why does demand curve slope downward?
6. What is price elasticity of demand? What are the factors influencing elasticity of demand?
7. How can the elasticity of demand be measured by arc elasticity measure?
8. What is consumer surplus? How can it be measured?
9. What is producer surplus? How can it be measured?
10. Describe the application of consumer surplus and producer surplus on the efficiency of the cost of a tax?
11. What do you mean by indifference curve? Describe its properties?
12. Describe the consumer's equilibrium through indifference curve?
13. Describe the Slutsky's method of substitution effect.
14. What is income effect? Discuss nature and properties for normal and inferior goods.
15. How can you describe work-leisure relationship through indifference curve?
16. Show that price effect is the combination of income effect and substitution effect?
17. Why long run average cost curve is U shaped?
18. Make an analysis of worker choice between leisure and money income.
19. Describe the Neo-classical version of marginal productivity theory.
20. Show the shut down point of the firm. Explain why firms shut down?