



## QUESTION BANK

### Karanjia Auto College, Karanjia, Mayurbhanj

+3 2<sup>ND</sup> YEAR ARTS (1st SEMESTER)

CORE-05

MICROECONOMICS-I GROUP-

A

Each question carries 1 mark

1. \_\_\_\_\_ has given the water-diamond paradox.
2. \_\_\_\_\_ and \_\_\_\_\_ advocated for Labour theory of value.
3. The book 'principles of Economics' was written by \_\_\_\_\_.
4. The concept of General Equilibrium was given by \_\_\_\_\_.
5. PPC stand for \_\_\_\_\_.
6. Slope of the PPC is called \_\_\_\_\_.
7. Want satisfying power of a commodity is known as \_\_\_\_\_.
8. Ceteris Paribus Means \_\_\_\_\_.
9. Utility function with two goods can be represented through a curve called \_\_\_\_\_.
10. The slope of the indifference curve is called \_\_\_\_\_.
11. A set of indifference curve is called \_\_\_\_\_.
12. An indifference curve represents different level of two commodities which give \_\_\_\_\_ level of satisfaction.
13. An L shape indifference curve represent \_\_\_\_\_ commodity.
14. \_\_\_\_\_ shows all the combination of two commodities that a consumer can purchase given his money income and prices of the two commodities.
15. \_\_\_\_\_ defined as the price change in the consumption set of goods when price of one good changes, while the prices of all other goods and the income of the consumer remain constant.
16. Price effect can be divided into \_\_\_\_\_ and \_\_\_\_\_ effect.
17. \_\_\_\_\_ first separated the income effect and substitution effect of a price change. Budget constraint is applicable to \_\_\_\_\_ numbers of goods.
18. The shape of budget line is \_\_\_\_\_.



## QUESTION BANK

### Karanjia Auto College, Karanjia, Mayurbhanj

19. \_\_\_\_ And \_\_\_\_ are given for the construction of a budget constraint.
20. The consumer purchases the combination that lies \_\_\_\_ the budget line.
21. If the income of the consumer increases, the budget line \_\_\_\_.
22. The normal shape of income consumption curve is \_\_\_\_.
23. The shape of the indifference curve for perfect substitute is \_\_\_\_.
24. The concept of consumer surplus was given by \_\_\_\_.
25. \_\_\_\_ shows price as a function of quantity.
26. Two goods are said to be \_\_\_\_ of each other if a consumer can replace one good for the other.
27. Two goods are said to be \_\_\_\_ to each other when both are  
28. Consumed simultaneously.
29. The attributes model developed by \_\_\_\_.
30. In case of perfectly elastic demand shape of the demand curve is  
\_\_\_\_\_.
31. In case of perfectly inelastic demand shape of the demand curve is  
\_\_\_\_\_.
32. In case of unitary elastic demand shape of the demand curve is  
\_\_\_\_\_.
33. In case of perfectly inelastic demand, value is elasticity is \_\_\_\_.
34. In case of perfectly elastic demand, value is elasticity is \_\_\_\_.
35. In case of unitary elastic demand, value is elasticity is \_\_\_\_.
36. In case of luxurious commodity income elasticity of demand is  
\_\_\_\_\_.
37. In case of inferior commodity income elasticity of demand is  
\_\_\_\_\_.
38. If with the changes in price total expenditure remain same, then demand  
is said to be \_\_\_\_\_.
39. When total revenue is maximum, marginal revenue is \_\_\_\_.
40. In case of substitute commodities cross elasticities of demand is  
\_\_\_\_\_.
41. In case of complementary commodities cross elasticities of demand is  
\_\_\_\_\_.



## QUESTION BANK

### Karanjia Auto College, Karanjia, Mayurbhanj

42. \_\_\_\_\_ represent technical relationship between input and output.
43. In long run all the factors of production are \_\_\_\_\_ factors.
44. Addition made to total product for using one extra units of a variable factor is called \_\_\_\_\_.
45. The ratio of total product to total units of input used is called \_\_\_\_\_.
46. The law of variable proportion operates only in the \_\_\_\_\_. 47. The first stage of the law of variable proportion is called \_\_\_\_\_.
48. The slope of the isoquant is called \_\_\_\_\_.
49. C.D production function was developed by \_\_\_\_\_.
50. C.D production function is homogenous of degree \_\_\_\_\_.
51. In C.D production function elasticity of substitution is \_\_\_\_\_.
52. In C.E.S production function elasticity of substitution is \_\_\_\_\_.
53. The shape of total fixed cost curve is \_\_\_\_\_.
54. The average cost curve is \_\_\_\_\_ shape.
55. When MC is greater than AC, the AC will \_\_\_\_\_.
56. MC equals to AC at \_\_\_\_\_ of the average cost curve.
57. \_\_\_\_\_ is the cost in terms of the best alternative foregone.
58. \_\_\_\_\_ is the cost per unit of output.
59. The shape of the average fixed cost curve is \_\_\_\_\_.
60. \_\_\_\_\_ cost curve is known as envelope curve.
61. The first order condition for profit maximisation is \_\_\_\_\_.
62. The second order condition for profit maximisation is \_\_\_\_\_.
63. \_\_\_\_\_ represent the supply curve of a competitive firm. 64. In case of constant cost industry, the industry supply curve is \_\_\_\_\_.
65. In case of increasing cost industry, the industry supply curve is \_\_\_\_\_.
66. In case of decreasing cost industry, the industry supply curve is \_\_\_\_\_.

#### GROUP-B

Each question carries 2 marks

1. What is an economic model?



## QUESTION BANK

### **Karanjia Auto College, Karanjia, Mayurbhanj**

2. What is positive economics?
3. What is normative economics?
4. What is PPC?
5. What is utility?
6. What is utility function?
7. What is indifference curve?
8. What is indifference map?
9. What is MRS?
10. State any two properties of indifference curve?
11. What is the shape of indifference curve in case of perfect substitute goods?
12. What is the shape of indifference curve in case of perfect complementary goods?
13. State the axioms of rational choice?
14. What are consumer preferences?
15. What is budget line?
16. Define consumer equilibrium?
17. What is income consumption curve?
18. What is indirect utility function?
19. What is price effect?
20. What is substitution effect?
21. What is income effect?
22. What is inferior good?
23. What is Giffen good?
24. What is price consumption curve?
25. Define demand function?
26. What is demand schedule?
27. State the determinants of demand?
28. What do you mean by contraction of demand?
29. What do you mean by extension of demand?
30. What is compensated demand curve?
31. What is discrete goods?
32. What is consumer surplus?



## QUESTION BANK

### **Karanjia Auto College, Karanjia, Mayurbhanj**

33. What is producer surplus?
34. What is dead weight loss?
35. What are net substitutes and compliments?
36. What are gross substitutes and compliments?
37. What is price elasticity of demand?
38. What is cross elasticity of demand?
39. What is income elasticity of demand?
40. What is arc elasticity of demand?
41. What is unitary elasticity of demand?
42. What is perfectly elastic of demand?
43. What is income elasticity of demand?
44. What is perfectly inelastic of demand?
45. Define production function?
46. Define AP, TP and MP?
47. State the law of variable proportion?
48. State the assumptions law of variable proportion?
49. What is increasing return?
50. What is diminishing return?
51. What is economies of scale?
52. What is dis economies of scale?
53. What is isoquant?
54. What is MRTS?
55. State any two properties of isoquant?
56. What is increasing return to scale?
57. What is diminishing return to scale?
58. What is constant return to scale?
59. What is linear production function?
60. What is CD production Function?
61. What is fixed proportion production function?
62. What is CES production function?
63. State any two properties of CD production Function?
64. State any two properties of CES production Function?
65. What is opportunity cost?



## QUESTION BANK

### Karanjia Auto College, Karanjia, Mayurbhanj

66. What is economic cost?
67. What is implicit cost?
68. What is explicit cost?
69. What is real cost?
70. What is marginal cost?
71. What is average cost?
72. What is average variable cost?
73. What is average fixed cost?
74. State the relationship between AC and MC?
75. What is envelope curve?
76. What is planning curve?
77. State any two properties of cost function?
78. Mention the conditions for short run equilibrium of a competitive firm?
79. Mention the conditions for long run equilibrium of a competitive firm?
80. What is normal profit?
81. What is the supply curve of a competitive firm?
82. What is shutdown point?
83. What is profit function?
84. State any two properties of profit function?
85. State any three properties of perfect competition?
86. Why the firm is a price taker under perfect competition?

#### GROUP-C

Each question carries 3 marks

1. Distinguish between positive and normative Economics?
2. What is paradox of value?
3. State the axioms of rational choice?
4. What are consumer preferences?
5. What is budget line?
6. Define consumer equilibrium?
7. What is income consumption curve?
8. What is price consumption curve?
9. What is price effect?
10. What is income effect?



## QUESTION BANK

### **Karanjia Auto College, Karanjia, Mayurbhanj**

11. What is substitution effect?
12. State the properties of indifference curve?
13. What are net substitutes and compliments?
14. What are gross substitutes and compliments?
15. What is price elasticity of demand?
16. What is cross elasticity of demand?
17. What is income elasticity of demand?
18. What is arc elasticity of demand?
19. What is unitary elasticity of demand?
20. What is perfectly elastic of demand?
21. What is income elasticity of demand?
22. What is perfectly inelastic of demand?
23. Distinguish between perfectly elastic and Perfectly inelastic demand?
24. Distinguish between relatively elastic and relatively inelastic demand?
25. Define production function?
26. Define AP, TP and MP?
27. Distinguish between average product and marginal product?
28. State the law of variable proportion?
29. State the assumptions law of variable proportion?
30. What is increasing return?
31. What are the causes of increasing return?
32. What is diminishing return?
33. What are the causes of decreasing return?
34. What is negative return?
35. What is economies of scale?
36. What is dis economies of scale?
37. What is isoquant?
38. What is MRTS?
39. State any two properties of isoquant?
40. What is increasing return to scale?
41. What are the causes of increasing return to scale?
42. What is diminishing return to scale?
43. What is constant return to scale?



## QUESTION BANK

### **Karanjia Auto College, Karanjia, Mayurbhanj**

44. What is linear production function?
45. What is CD production Function?
46. What is fixed proportion production function?
47. What is CES production function?
48. State any three properties of CD production Function?
49. State any three properties of CES production Function?
50. What is opportunity cost?
51. What is economic cost?
52. What is implicit cost?
53. What is explicit cost?
54. Distinguish between explicit and implicit cost?
55. What is real cost?
56. Distinguish between monetary cost and real cost?
57. What is marginal cost?
58. What is average cost?
59. Distinguish between average cost and marginal cost?
60. What is average variable cost?
61. What is average fixed cost?
62. State the relationship between AC and MC?
63. What is envelope curve?
64. What is planning curve?
65. State any three properties of cost function?
66. Mention the conditions for short run equilibrium of a competitive firm?
67. Mention the conditions for long run equilibrium of a competitive firm?
68. What is the supply curve of a competitive firm?
69. What is shutdown point?
70. State any three properties of profit function?
71. State any three properties of perfect competition?
72. Why the firm is a price taker under perfect competition?
73. What is constant cost industry?
74. What is increasing cost industry?
75. What is decreasing cost industry?





## QUESTION BANK

### Karanjia Auto College, Karanjia, Mayurbhanj

#### GROUP-D

Each question carries 07 marks

1. What is an economic model? Discuss the general features of an economic model?
2. How is a model constructed in economics? How do you verify a model in economics?
3. Explain how a consumer maximises his utility in two goods cases?
4. Discuss different stages of development of theory of value?
5. Explain Hicksian method of decomposition of price effect into income effect and substitution effect?
6. Explain Slutsky method of decomposition of price effect into income effect and substitution effect?
7. Explain Marshallian and Hicksian consumer surplus?
8. Explain the law of demand with suitable examples?
9. Explain different types of price, income and cross elasticities?
10. What is isoquant? Explain its properties?
11. Explain the law of variable proportion?
12. Explain the law of return to scale?
13. Explain the properties of Cobb-Douglas production function?
14. Explain the properties of CES production function?
15. Explain different types of short run cost curve with suitable examples?
16. Define cost function? Discuss its properties?
17. Explain different types of long run cost curve with suitable diagrams?
18. Why the SAC is U shaped?
19. State and explain the properties of perfect competition?
20. Explain the short run equilibrium of a perfectly competitive firm?
21. Define profit function? Discuss its properties?

## QUESTION BANK

DEPARTMENT OF ECONOMICS, NAYAGARH AUTONOMOUS COLLEGE,  
NAYAGARH

22. Discuss about the short run supply curve of a competitive firm and industry?