

THE GURUKUL INSTITUTE

PLOT 5C, 2ND FLOOR, GANAPATI COMPLEX, SEC-13, OPP. JAIPURIA SCHOOL, VASUNDHRA, GHAZIABAD (U.P) PH NO. 9810780903

TEST ON MICROECONOMICS (XII)-2

TIME: 2 ½ Hr

M.M:74

1. Define budget line? [1]
2. What is meant by inferior goods in economics? [1]
3. In which market form can a firm not influence the price of the product? [1]
4. Define monopoly? [1]
5. When is demand for a good said to be perfectly in elastic? [1]
6. Why is the demand curve more elastic under monopolistic competition than under monopoly? Explain. [3]
7. Explain the condition of the consumer equilibrium using utility approach(in case of two commodity) . [3]
8. Explain how firms are interdependent in an oligopoly market. [3]
9. Giving suitable examples explain the meaning of micro economics and macroeconomics?[4]
10. Distinguish between “increase in demand and increase in quantity demanded”? [4]
11. Distinguish between positive and normative economics? [4]
12. Explain the law of demand in term of income and substitution effect on a fall in the price of a commodity. [4]
13. Explain the three central problems of economy. [4]
14. Why does the difference between ATC and AVC decrease with an increase in the level of output? Can these two be equal at the same level of output? Explain [4]
15. Explain producer equilibrium using a schedule. Use total cost and total revenue approach. [6]
16. If at a given price of a commodity, there is excess demand, how will the equilibrium price be reached? Explain with the help of a diagram? [6]
17. Explain any four factors that affect elasticity of demand? [6]
18. Using demand and supply curves, show how increase in price of shoes affect the price of socks and the number of socks sold? [6]
19. Differentiate between: [6]
 - a) Normal goods and inferior goods
 - b) Complementary goods and substitute goods.
20. What is revenue of a firm? Give meaning of average and marginal revenue. What happens to average revenue when average revenue is (i) Greater than average revenue (ii) Equal to average revenue (iii) less than average revenue? [6]