DEHRADUN PUBLIC SCHOOL
ASSIGNMENT (2023-24)
SUBJECT - ECONOMICS (030)
CLASS - XI

(PART – A)
STATISTICS FOR ECONOMICS
UNIT 1 INTRODUCTION
CHAPTER: - 1 (INTRODUCTION)

Answer the following questions
Multiple choice questions

Q1. The term 'statistics' is defined in:
a. Plural sense   b. Singular sense
c. Normative sense   d. Both a. & b.

Q2. The Statistics is concerned with:
a. Aggregate of organized facts   b. Aggregate of disorganized facts
c. Aggregate of useless facts   d. Aggregate of unrelated facts

Q3. From the following statement given in column I and column II, Choose the correct pair of statement:

Column I	Column II
A. Economic forecasting	1.Unlimited
B. Economic Activities	2. Activities undertaken to earn a living.
c. Estimate demand for the product	3. Limitation of statistics
D. Human Wants	4. Limited

a. A-1   b. B- 2   c. C-3   d. D- 4

Q4. Read the following statements Assertion (A) and Reason (R). Choose one of the correct alternatives given below:
Assertion (A): Statistics is considered both art as well as science, due to its nature and use.
Reason (R): Statistics has a multi-disciplinary approach as it is universally accepted.
a. Both Assertion (A) & Reason (R) are true and Reason (R)is the correct explanation of Assertion (A).
b. Both Assertion (A) & Reason (R) are true, but Reason (R) is not the correct explanation of Assertion.
c. Assertion (A) is true, but Reason (R) is false.
d. Assertion (A) is false, but Reason (R) is true.

Q5. Read the following statement Assertion (A) and Reason (R). Choose one of the correct alternatives given below:
Assertion (A): Statistical results are correct only on an average due to the presence of personal bias.
Reason (R): Statistics helps in enhancing human knowledge by using its method of interpretation of Primary data.
a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
b. Both Assertion (A) and Reason (R) are true, but Reason (R) is the correct explanation of Assertion(A).
c. Assertion (A) is true, but Reason (R) is false.
d. Assertion (A) is false, but Reason (R) is true.

Subjective questions

Q6. Distinguish between quantitative and qualitative data.

Q7. Define Statistics in singular and plural form.

Q8. Explain limitations of Statistics.

Q9. 'Economics is a study of economic activities' Explain.

Q10. Case based questions

Read the following case study paragraph carefully & answer the questions on the basis of the same.

Statistics in Plural sense refers to collection of numerical facts where as in singular sense, it refers to all Statistical methods. Statistics plays an important role in economic policies as well as in economics laws like law of demand, law of supply.

Government uses various statistical information related to macroeconomics issues like poverty, unemployment, etc. However, it is open to criticism as it does not deal with individual facts and results are true only on an average. Various tools are used to analysis their different components like central tendency, measures of variations, correlations an index number.

i. What are stages of Statistics?

ii. In what way is statistics useful to Economist?

UNIT 2
COLLECTION, ORGANISATION & PRESENTATION OF DATA
CHAPTER:-2& 3 (COLLECTION OF DATA)

Answer the following questions

Multiple choice questions

Q1. Primary data are

a. Original data

b. Already collected

c. Organized data

d. Unorganized Data

Q2. Data collected on religion from the census reports are:

a. Secondary Data

b. Primary Data

c. Sample Data

d. Either a. or b.

Q3. The data collected on the height of a group of students after recording their heights with measuring tape are:

a. Primary Data

b. Continuous Data

c. Discrete Data

d. Secondary Data

Q4. From the following statement given in column I and column II, Choose the correct pair of statement:

Column I	Column II
A. Census method	1. 2011
B. Sampling method	2. Saves time, labour & money
C. NSSO	3. Covers every individual unit of the universe
D. Latest Population census in India	4. Selection of a representative sample

a. A-1　　　　　b. B- 2　　　　　c. C-3　　　　　d. D- 4

Q5. Read the following statement Assertion (A) and Reason (R). Choose one of the correct alternatives given below:

Assertion (A): As the sample size increases variable tends to become close to census values.

Reason (R): Samples are always collected from different groups of heterogeneous data randomly.

a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

b. Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).

c. Assertion (A) is true, but Reason (R) is false.

d. Assertion (A) is false, but Reason (R) is true.

Q6. **Read the following statements Assertion (A) and Reason (R). Choose one of the correct alternatives given below:**

Assertion (A): Internal sources of data are narrow ended.

Reason (R): Data primarily collected within the organization has limited scope.

a. Both Assertion (A) & Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

b. Both Assertion (A) & Reason (R) are true, but Reason (R) is not the correct explanation of Assertion.

c. Assertion (A) is true, but Reason (R) is false.

d. Assertion (A) is false, but Reason (R) is true.

Subjective questions

Q7. What are the advantages of sampling method of collection of data over the census method?

Q8. State with reasons the suitable method of data collection for the study of buying habits of the people regarding the washing powder like Surf, Rin, and Nirma etc.

Q9. Explain the necessity of editing secondary data before using it for any purpose.

Q10. Case based questions

Read the following case study paragraph carefully & answer the questions on the basis of the same.

Collection of data is the first step in a statistical analysis. Data can be collected either from primary Source or secondary source. Primary data is original as it being collected for the first time After collecting the data, next step is to organize the data as raw data cannot be used for further Statistical analysis. There are various methods of classification of data based upon the nature of qualitative data

i. Enumerate the various method of collecting primary data. Discuss the merits and demerits of any one of them.

ii. Distinguish between 'primary data' and 'secondary data'. List at least three sources of secondary data.

CHAPTER:- 4 (ORGANISATION OF DATA)

Answer the following questions

Multiple choice questions

Q1. Choose the incorrect statement from the given below:

a. In a continuous frequency distribution, class interval should be equal.

b. In an exclusive continuous frequency distribution, upper limit of the class is excluded from the class.

c. In an inclusive continuous frequency distribution, upper limit of the class is excluded from the class.

d. In an open-ended continuous frequency distribution, extreme class limits are missing.

Q2. The class Marks of a distribution are 26,31,36,41,46 and 51. Then the first class-interval is:

a. 23.5-28.5   b. 23-28

c. 22.5-27.5   d. 26-30

Q3. Drinking habit of a person is:

a. An attribute   b. A discrete variable

c. A variable   d. A continuous variable

Q4. From the following statement given in column I and column II, Choose the correct pair of statement :

Column I	Column II
A. Spatial	1. Classification of data based on time

B. Chronological	2. Classification of data based on qualities
C. Quantitative	3. Classification of data based on numerical values
D. Qualitative	4. Classification of data based on location

a. A-1   b. B- 2   c. C-3   d. D- 4

Q5. Read the following statements Assertion (A) and Reason (R) Choose one of the correct alternatives given below:

Assertion (A): Classification facilitates grouping of data based upon similarities and dissimilarities

Reason (R): Classification enables a person to compare various forms of data.

a. Both Assertion (A) & Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

b. Both Assertion (A) & Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).

c. Assertion (A) is true, but Reason (R) is false.

d. Assertion (A) is false, but Reason (R) is true.

Q6. Read the following statements Assertion (A) and Reason (R). Choose one of the correct alternatives given below:

Assertion (A): A discrete variable can't take any fraction value.

Reason (R): Variable which take only exact values are called discrete.

a. Both Assertion (A) & Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

b. Both Assertion (A) & Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).

c. Assertion (A) is true, but Reason (R) is false.

d. Assertion (A) is false, but Reason (R) is true.

Subjective questions

Q7. Prepare a frequency distribution from the following data.

Mid -values	5	15	25	35	45	55
frequency	3	9	16	11	7	4

Q8. Thirty students in an examination obtained marks as under. Prepare a discrete frequency distribution. (Use tally bars also)

15	16	20	16	15	18	19	13	14	19
13	17	18	16	17	19	18	15	14	13
16	18	13	14	15	14	15	13	17	14

Q9. Convert the following simple frequency distribution into cumulative frequency distribution by using 'less than 'as well as 'more than' method.

Marks	0-10	10-20	20-30	30-40	40-50	50-60
No. of students	11	15	20	25	15	10

Q10. Convert the following into simple frequency distribution.

Marks (more than)	0	10	20	30	40	50
No. of students	60	57	50	32	12	10

CHAPTER:- 5,6,7 & 8 (PRESENTATION OF DATA)

Answer the following questions

Multiple choice questions

Q1. If a household spends 70% of his income on food, then degree measure of an angle in the pie diagram will be:

a. 200   b. 210   c. 252   d. 70

Q2. One dimensional diagram is also known as:

a. Pie Diagrams   b. Histogram   c. Bar Diagrams   d. Ogive

Q3. From the following statement given in column I and column II , Choose the correct pair of statement :

Column I	Column II
A. Textual presentation	1.Data is presented with the help of pictures
B. Tabular presentation	2. Data is presented in rows and columns
C. Diagrammatic presentation	3 Data is presented in the form of text
D. Pictorial presentation	4. Data is presented with the help of graphs

a. A-1   b. B- 2   c. C-3   d. D- 4

Q4. Read the following statements Assertion (A) and Reason (R). Choose one of the correct alternatives given below:

Assertion (A): Tabulation of data precedes classification.

Reason (R): In classification, data is arranged based upon varying attributes of the statistics.

a. Both Assertion (A) & Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

b. Both Assertion (A) & Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).

c. Assertion (A) is true, but Reason (R) is false.

d. Assertion (A) is false, but Reason (R) is true.

Q5. Read the following statements Assertion (A) and Reason (R). Choose one of the correct alternatives given below:

Assertion (A): A proper proportion between the vertical axis and horizontal axis of the diagram should be marked.

Reason (R): Mathematically, dependent variables are measured on the Y-axis and independent variable on X-axis.

a. Both Assertion (A) & Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

b. Both Assertion (A) & Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).

c. Assertion (A) is true, but Reason (R) is false.

d. Assertion (A) is false, but Reason (R) is true.

Subjective questions.

Q6. Present the following information in a suitable tabular form.

In 2000, out of total 3800 workers in factory, 2550 members of a trade union. The number of women workers employed was 700 out of which 500 did not belong to any trade union.

In 2010, the number of union workers was 2850 of which 2500 were men. The number of non union workers were 1350, among which 550 were women.

Q7. Using the following table make i. multiple bar diagram ii. percentage bar diagram & iii. sub-divided bar diagram.

Student	A	B	C
Marks in Economics	40	35	30
Marks in English	30	15	25

Q8. Make a histogram and frequency polygon from the following data.

Variable	10-20	20-30	30-40	40-50	50-60	60-70
Frequency	12	30	35	65	45	25

Q9. Make a pie diagram using the following information.

Items	Agriculture	Industry	Health & Education	Miscellaneous
Expenditure	4200	1500	1000	500

Q10. Make less than and more than Ogive from the following data in a single graph.

Marks	0-5	5-10	10-15	15-20	20-25	25-30	30-35	35-40
No. of students	4	6	10	10	25	22	18	5

Q11. Present the following information in form of two variable arithmetic line graph.

Month	Jan	Feb	Mar	Apr	May	Jun
Production	5	7.5	5	10	12.5	15
Sales	7.5	10	7.5	12.5	15	17.5

UNIT 3 STATISTICAL TOOLS AND INTERPRETATION
CHAPTER:- 9&10(MEASURES OF CENTRAL TENDENCY)

Answer the following questions
Multiple choice questions

Q1. If there are two groups containing 30 and 20 observations and having 50 and 60 as arithmetic means, then the combined arithmetic mean is:

a. 51   b. 54   c. 53   d. 52

Q2. The mean of 12 numbers is 24. If 5 is added in every number, the new mean is:

a. 25   b. 84   c. 29   d. 24

Q3. The total of the deviation of a set of observation from their mean is always:

a. 0   b. 1   c. (-1)   d. (-2)

Q4. From the following statement given in column I and column II, Choose the correct pair of statement :

Column I	Column II
A. Median	1. Positional average
B. Arithmetic Mean	2. Most fashionable value
C. Mode	3. Affected by extreme values
D. Average	4. Sum of variable

a. A-1   b. B- 2   c. C-3   d. D- 4

Q5. Read the following statement Assertion (A) and Reason (R). Choose one of the correct Alternatives given below:

Assertion (A): Arithmetic mean is a positional average, which can be calculated using graphical

presentation methods.

Reason (R): Histograms and cumulative graphs are used to locate positional averages.
  a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
  b. Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).
  c. Assertion (A) is true, but Reason (R) is false.
  d. Assertion (A) is false, but Reason (R) is true.

Q6. Read the following statement Assertion (A) and Reason (R). Choose one of the correct alternatives given below:

Assertion (A): Median is not dependent on all the data values in a data set.

Reason (R): The distance between the median and the rest of the values is less than the distance from any other point.
  a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
  b. Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).
  c. Assertion (A) is true, but Reason (R) is false.
  d. Assertion (A) is false, but Reason (R) is true.

Subjective questions

Q7. Find mean, median and mode.

Weekly Wages	10	20	30	40	50
Number of workers	10	20	40	20	10

Q8. Find mean, median & mode:

Size (below)	5	10	15	20	25	30	35
No. of students	1	3	13	17	27	36	38

Q9. Find the missing frequency if N=100 & M=30

Marks	0-10	10-20	20-30	30-40	40-50	50-60
No. of Students	10	?	25	30	?	10

Q10. Case based questions

Read the following case study paragraph carefully & answer the questions on the basis of the same.

Mr.Viaan's is head of human resources in ABC Limited. His job is to see if his company's employees are being paid relatively equally based on their responsibilities. He needs to review all employees floor by floor. The third floor manager, supervisor, casual labourers to go first. Mr. Viaan surveyed the salaries of all the third floor staff and finds the following monthly salaries as Rs. 5000, Rs. 4200, Rs. 3000,Rs. 4200,Rs. 8000,Rs. 10000,&Rs. 9000.
i. Calculate Mean wage of ABC Limited.
ii. Calculate median of the given data?
iii. What will be the value of mode?

CHAPTER:-11 (CORRELATION)

Answer the following questions

Multiple choice questions

Q1. A scatter diagrams:
  a. Is a statistical test　　　　　　　　　　　　b. Must be liner
  c. Must be curvilinear　　　　　　　　　　　　d. Is a graph of x and y values

Q2. Scatter diagram helps us to:
   a. Find the nature of correlation between two variables.
   b. Obtain the mathematical relationship between two variables.
   c. Compute the extent of correlation between two variables.
   d. Both a. and c.

Q3. Karl Pearson's coefficient is defined from:
   a. Ungrouped data   b. Grouped data
   c. Both a. and b.   d. Unorganized data

Q4. There is a high degree of negative correlation between 'overweight' and 'life expectancy'. A
   Correlation coefficient consistent with the above statement is
   a. r = 0.80   b. r = 0.20   c. r = -0.20   d. r = -0.80

Q5. From the following statement given in column I and column II, Choose the correct pair of
   statement :

Column I	Column II
A. Perfect positive correlation coefficient	1. r = -1
B. Perfect negative correlation coefficient	2. r = - 0
C. Upper limit of correlation coefficient	3. r =+1
D. Lower limit of correlation coefficient	4. r = 0

   a. A-1   b. B- 2   c. C-3   d. D- 4

Q6. Read the following statement Assertion (A) and Reason (R). Choose one of the correct
   alternatives given below:
   Assertion (A): Quantitative method of calculating correlation is given by Karl Pearson.
   Reason (R): Karl Pearson's coefficient of correlation is generally written as 'y'.
   a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion
      (A).
   b. Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of
      Assertion (A).
   c. Assertion (A) is true, but Reason (R) is false.
   d. Assertion (A) is false, but Reason (R) is true.

Q7. Read the following statement Assertion (A) and Reason (R). Choose one of the correct
   Alternatives given below:
   Assertion (A): Karl Pearson formula applies only to those series that comes out from the actual
                  Average.
   Reason (R): The value of the coefficient of correlation can vary between + 1 and -1
   a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion
      (A).
   b. Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of
      Assertion (A).
   c. Assertion (A) is true, but Reason (R) is false.
   d. Assertion (A) is false, but Reason (R) is true.

   Subjective questions

Q8. Calculate Coefficient of correlation by using Karl Pearson's method:

Husband(age)	23	27	28	29	30	31	33	35	36
Wife(age)	18	20	22	27	29	27	29	28	29

Q9. Find out rank difference correlation of X & Y:

X	80	78	75	75	58	67	60	59
Y	12	13	14	14	14	16	15	17

Q10. Calculate rank difference correlation:

Teaching methods	I	II	III	IV	V	VI	VII
Rank of A students	2	1	5	3	4	7	6
Rank of B students	1	3	2	4	7	5	6

CHAPTER:- 12 (INDEX NUMBERS)
Answer the following questions
Multiple choice questions
Q1. Which of the following is used as weighted under Paasche method?
  a. Quantity of current year   b. Quantity of base year
  c. Quantity of both base year and current year   d. Price of base year

Q2. Rate of inflation in India is calculated on the basis of
  a. Consumer price Index   b. Wholesale Price Index
  c. Sensex   d. Index of Agricultural Production

Q3. Identify the correct statement.
  a. Index numbers measure absolute change   b. Q_0 indicates price of the base year
  c. Fisher Index number is an ideal index number   d. P_1 indicates price of the base year

Q4. From the following statement given in column I and column II, Choose the correct pair of statement :

Column I	Column II
A. Current year price	1. P_0
B. Base year price	2. Q_1
C. Current year quantity	3 P_1
D. Base year quantity	4. Q_0

  a. A-1   b. B- 2   c. C-3   d. D- 4

Q5. Read the following statement Assertion (A) and Reason (R). Choose one of the correct alternatives given below:
Assertion (A): Index numbers are statistical devices.
Reason (R): Index numbers measures only changes in the price level over a period of time.
  a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
  b. Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanationof Assertion (A)
  c. Assertion (A) is true, but Reason (R) is false
  d. Assertion (A) is false, but Reason (R) is true

Subjective questions
Q6. From the following data find out price index number by fisher's ideal formula for 2002 based on 2001.

Items	Price (2001)	Quantity (2001)	Price (2002)	Quantity (2002)
A	12	100	20	120
B	04	200	04	240
C	08	120	12	150
D	20	60	24	50

Q7. Compute Paasche's and Laspeyre's Index Number

Items	Base year Price	Base year Quantity	Current year Price	Current year Quantity
A	10	10	20	15
B	03	25	05	30
C	04	20	10	15
D	15	05	18	07
E	02	30	04	30

Q8. Calculate price index number by weighted average of price relative method.

Commodity	A	B	C	D	E
Base year quantity	16	7	3.5	2.5	4
Base year prices	25	36	12	6	28
Current year prices	35	48	16	10	28

Q9. Give the meaning of wholesale price index number. Discuss the utility of WPI number.

Q10. CASE BASED QUESTION:

Read the following case study and answer the following:

Inflation has been a nagging problem plaguing the economies across the world at various times. As negative effects of inflation are enormous, adoption of various anti-inflationary policies becomes inevitable. Inflation targeting and its measurement have become the prerequisites in the macroeconomic policy matrix of the economies. Inflation being a significant economic concept affecting decision making in business firms or other management units, there is an attempt to resolve the dilemma whether Consumer Price Index (CPI) is to be adopted or Wholesale Price Index (WPI) as a measure of Inflation. Though most of the major economies of the world have opted for CPI, WPI has its own merits too. As CPI and WPI differ conceptually in terms of their purpose and use, commodity coverage, weights, associated markets and the base year, both often show difference in direction and magnitude. Consequently, the choice continues to be difficult, if not arbitrary.

i. Explain use of Whole sale price index.

ii. Define: CPI & WPI.

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PART - B
INTRODUCTORY MICROECONOMICS
UNIT 4(INTRODUCTION)
CHAPTER 1&2

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Answer the following questions
Multiple choice questions

Q1. Which part of economic theory aims to determine income & employment level of the economy?
  a. Microeconomics   b. Macroeconomics
  c. Normative economics   d. Positive economics

Q2. Macroeconomics focuses on all of the following except:
  a. Allocation of resources   b. Inflation in the Economy
  c. Aggregate demand   d. Jute Industry

Q3. Identify the central problem which deals with deciding the quantity of goods to be produced:
  a. What to Produce   b. How to Produce
  c. From whom to Produce   d. Economic problem

Q4. From the following statement given in column I and column II, Choose the correct pair of statement :

Column I	Column II
A. Economics	1. Theory of multiplier
B. Microeconomics	2. Theory of price
C. Macroeconomics	3. Scarcity and choices
D. Economic Problem	4. Human wants are Unlimited

a. A-1   b. B- 2   c. C-3   d. D- 4

Q5. **Read the following statement Assertion (A) and Reason (R). Choose one of the correct alternatives given below:**

Assertion (A): Scarcity of resources is a major cause of all economic problems in a country

Reason (R) : Human wants are unlimited while the resources have alternative uses as well.

a. Both Assertion (A) and Reason (R)are true and Reason(R)is the correct explanation of Assertion (A).

b. Both Assertion (A) and Reason(R)are true, but Reason(R) is not the correct explanation of Assertion (A).

c. Assertion (A) is true, but Reason (R)is false.

d. Assertion (A) is false, but Reason (R)is true.

Subjective questions

Q6. "Make in India "campaign would shift the PPC to the right. How?

Q7. You plan to attend the NCC camp for two months .If you do, you won't be able to take your part time job that pays Rs. 10,000 for two months and you won't be able to live at home for free. The cost of your NCC Camp includes: Living expenses Rs. 2,000, costume and stationery expenses Rs.3,000 and study materials Rs. 1000.
Calculate opportunity cost of joining the NCC Camp.

Q8. Why marginal opportunity cost must rise as resources are shifted from Use-1 to Use-2, even when given resources are fully and efficiently utilized?

Q9. Why shape of PPC is convex to the origin?

Q10. CASE BASED QUESTION:

Read the following case study and answer the following:

Production possibility frontier refers to graphical representation of possible combinations of two goods that can be produced with given technology and full and efficient utilisation of the given resources. Marginal opportunity cost refers to the number of units of a commodity sacrificed to gain an additional unit of another commodity. PPF is downward sloping concave to the point of origin. PPF is downward sloping because in a situation of full employment of resources, more of one good can be produced only by sacrificing some units of another good. PPF is concave due to increasing marginal opportunity cost, i.e., to gain an additional unit of one good, more and more units of another good have to be sacrificed.

i. Why PPC is downward sloping?

ii. Why PPC is concave to origin?

UNIT 5 CONSUMER'S EQUILIBRIUN & DEMAND
CHAPTER:- 3& 4 (CONSUMER'S EQUILIBIRUM)

Answer the following questions
Multiple choice questions

Q1. Cardinality means utility can be:

a. Measured   b. Ranked

c. Not measured   d. Not ranked

Q2. For consumer's equilibrium to be stable, the requirement is:

a. Constant MRS
b. Increasing MRS
c. Diminishing MRS
d. Increasing MRT

Q3. The points outside the budget line of two goods (X) and (Y) are:

a. unavailable points
b. unattainable points
c. attainable points
d. Both a. & b.

Q4. From the following statement given in column I and column II, Choose the correct pair of statement :

Column I	Column II
A. Law of DMU	1. Slope of PPC
B. MRS	2. Fundamental Psychological Law
C. Indifference Map	3. Family of indifference curves
D. Zero Marginal Utility	4. TU is negative

a. A-1
b. B- 2
c. C-3
d. D- 4

Q5. Read the following statement Assertion (A) and Reason (R). Choose one of the correct alternatives given below:

Assertion (A): Consumer's utility is the point of 'Satiety' where he attains maximum gain with given resources.

Reason (R): A rational consumer always prefers consumption of more units of goods as compared to less units.

a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

b. Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).

c. Assertion (A) is true, but Reason (R) is false.

d. Assertion (A) is false, but Reason (R) is true.

Q6. Read the following statements Assertion (A) and Reason (R). Choose one of the correct alternatives given below:

Assertion (A): Different persons derive different levels of utility from consumption of similar types of commodities.

Reason (R): The want satisfying power of any commodity is known as its utility, which is measured in 'utils' under cardinal approach.

a. Both Assertion (A) & Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

b. Both Assertion (A) & Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).

c. Assertion (A) is true, but Reason (R) is false.

d. Assertion (A) is false, but Reason (R) is true .

Subjective questions

Q7. Ice cream sell for Rs.30. Lakshmi who loves ice cream has already eaten three. Her MU from eating three ice creams is 90. Suppose further that for the MU of Rs.1 is 3. Should she eat more ice cream or should she stop?

Q8. If IC is not convex at the point of equilibrium, the consumer can't reach the point of stable equilibrium. Comment.

Q9. A consumers budget is Rs. 40. He is buying Good 1 and Good 2. Price of Good 1 is Rs. 8 and Good 2 is Rs. 10 per unit:

i. Draw a budget line.

ii. Is consumer can purchase 5 units of Good 1 and 5 units of Good 2?

iii. Show effect on budget line due to falling price of Good 1 from Rs. 8 to Rs. 4 per unit.

Q10. Explain Hicks approach of consumer's equilibrium.

Q11. Case based questions

Read the following case study paragraph carefully and answer the questions on the basis of the same.

When a consumer consumes various goods and services, then there are some combinations, which give him exactly the same total satisfaction. However, every higher or lower level of satisfaction can be shown on different curves. This curve is convex to the origin because of diminishing MRS.

i. Define Indifference curve.

ii. Why IC convex to the origin?

CHAPTER:- 5 (THEORY OF DEMAND)

Answer the following questions

Multiple choice questions

Q1. When two or more goods are demanded together, it is known as:

a. Normal goods   b. Substitute goods

c. Inferior goods   d. Complementary goods

Q2. Demand of a commodity not depends upon…………. .

a. price of own good   b. income of consumer

c. price of related good   d. Price of input

Q3. Giffen paradox is an exception of ……………… .

a. Law of Demand   b. Law of Supply

c. Law of Production   d. Law of utility

Q4. From the following statement given in column I and column II, Choose the correct pair of statement :

Column I	Column II
A. Movement along demand curve	1.Change in quantity demand
B. Shift in demand curve	2. Extension in demand
C. Normal goods	3. Negative income effect
D. Inferior goods	4. Positive income effect

a. A-1   b. B- 2   c. C-3   d. D- 4

Q5. Read the following statement Assertion (A) and Reason (R). Choose one of the correct alternatives given below:

Assertion (A): Demand curve shows the inverse relation between own price of a good and its quantity demanded.

Reason (R): Law of diminishing marginal utility advocates that consumer gets lesser satisfaction for each additional units consumed.

a. Both Assertion (A) and Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

b. Both Assertion (A) and Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).

c. Assertion (A) is true, but Reason (R) is false.

d. Assertion (A) is false, but Reason (R) is true.

Subjective questions

Q6. "Giffen goods must be inferior goods, while inferior goods, may or may not be Giffen Goods" Comment.

Q7. Why should diamond be priced so high and water be priced so low even when water is essential to sustain life, while diamonds are not?

Q8. How is the demand for commodity affected by change in the price of related goods? Explain with the help of diagram?

Q9. Explain with the help of diagrams the effect of the following changes on the demand of a commodity.
i. A rise in the price of complementary goods.
ii. A rise in the price of substitute goods.

Q10. Case based questions
Read the following case study paragraph carefully and answer the questions on the basis of The same.

Year 2020 has witnessed many ups and downs, there were natural calamities around the globe, political tensions and what not. The outbreak of corona virus pandemic had led to worldwide lockdown for several months. The world almost stopped during April, 2020. Indian is also not untouched with the impact of pandemic. Many people lost their jobs during this time, specially migrant workers. Government announced relief packages but still it didn't boost enough demand.
i. What will be the impact on the consumption demand of necessity goods during the pandemic?
ii. People lose their jobs during the nationwide lockdown, how will this impact the demand curve for inferior goods?
iii. How should the demand be affected due to the relief package announced by the government?

CHAPTER:- 6 (PRICE ELASTICITY OF DEMAND)
Answer the following questions.
Multiple choice questions.

Q1. If a good takes up significant share of consumers budget, it will be:
  a. Less elastic   b. Highly elastic
  c. Unitary elastic   d. Perfectly elastic

Q2. Which of the following not influence price elasticity of demand?
  a. Nature of the commodity   b. Income Level
  c. Availability of substitute   d. Availability of resources

Q3. If the percentage increase in the quantity demanded of a commodity is less than the percentage fall in its price, then elasticity of demand is:
  a. Greater than 1   b. Equal to 1
  c. Less than 1   d. Equal to zero

Q4. If there is no change in quantity demanded to any charge in price, then demand is ....
  a. Perfectly elastic   b. Perfectly inelastic
  c. Both a. & b.   d. Unit elastic

Q5. From the following statement given in column I and column II, Choose the correct pair of statement :

Column I	Column II
A. Inelastic demand	1. Demand curve is flatter.
B. Perfect Elastic demand	2. Demand curve is a vertical straight line parallel to Y-axis.
C. Highly Elastic demand	3. Demand curve is steeper.
D. Perfectly Inelastic demand	4. No change in demand with change in price.

  a. A-1   b. B- 2   c. C-3   d. D- 4

Q6. Read the following statements Assertion (A) and Reason (R). Choose one of the correct alternatives given below:
Assertion (A): A commodity which can be put to several use, is price inelastic.
Reason (R): As price falls, number of buyers increase in the market.

a. Both Assertion (A) & Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).
b. Both Assertion (A) & Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).
c. Assertion (A) is true, but Reason (R) is false
d. Assertion (A) is false, but Reason (R) is true

Subjective questions

Q7. When price of a good rises from Rs. 20 per unit to Rs. 23 per unit, its demand falls by 30%. Calculate price elasticity of demand.

Q8. For a commodity $\Delta P/P = -0.2$, and elasticity of demand $= -0.6$. Find % change in quantity demanded.

Q9. A consumer spends Rs.1500 on a good priced at Rs.10 per unit. When price rises by 20%, the consumer continues to spend Rs.1500 on the good. Calculate price elasticity of demand by % method?

Q10. Case based questions

Read the following case study paragraph carefully and answer the questions on the basis of the same:

Salt has no close substitute and moreover, a household has to share a negligible part of his entire budget. Therefore, even in spite of increase in price of salt, its demand will not be affected. However, demand for a particular brand of toothpaste is comparatively more elastic as there are many brands of toothpaste available in the market, so the consumers can switch over to any other brand in case of hike in the price of a particular brand of toothpaste.

i. Explain determinant of Elasticity of Demand from given case study?
ii. Why demand for toothpaste is elastic in nature?

UNIT 6 PRODUCER BEHAVIOUR AND SUPPLY
CHAPTER:-7 (PRODUCTION FUNCTION RETURNS TO FACTOR)

Answer the following questions
Multiple choice questions

Q1. In which stage of production, a rational producer likes to operate in short-run production?
a. First stage
b. Second stage
c. Third stage
d. Any stage

Q2. When MP increase
a. TP is at its maximum point
b. TP increases at a diminishing rate
c. TP increases at an increasing rate
d. TP remain constant

Q3. Law of variable proportions is related to
a. Short run
b. Long run
c. Both a. & b.
d. Very long run

Q4. From the following statement given in column I and column II, Choose the correct pair of statement :

Column I	Column II
A. Fixed factor	1. Technology can be changed
B. Variable factor	2. Raw material
C. Short-run production	3. Quantity can not be changed in short-run
D. Long-run production	4. Quantity can be changed in short-run

a. A-1
b. B- 2
c. C-3
d. D- 4

Q5. Read the following statements Assertion (A) and Reason (R) . Choose one of the correct alternatives given below:

Assertion (A): In the first phase of the Law of Variable proportion, TP rises at an increasing rate and MP increases.

Reason (R): In the third phase of the Law of variable proportion, TP falls and MP become negative.

a. Both Assertion (A) & Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

b. Both Assertion (A) & Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).

c. Assertion (A) is true , but Reason (R) is false.

d. Assertion (A) is false, but Reason (R) is true.

Subjective questions

Q6. Explain the Law of Variable Proportions with the help of total and marginal physical product curves.

Q7. Define short-run production function.

Q8. The following table gives the MP of factor. It is also known that the TP at zero level of employment is zero. Determine its TP and AP schedule.

Units of labour	1	2	3	4	5	6
MP	20	22	18	16	14	8

Q9. Identify the three phases of the Law of Variable proportion on the basis of the given schedule. Give reason.

Variable of Input(Units)	1	2	3	4	5
Total Product (Units)	3	7	10	12	11

Q10. Case based questions

Read the following case study and answer the question on the basis of the same.

Farmers in our country are mostly small and marginal. They produce for self-consumption and hardly have any surplus crop to sell in market. These farmers produce with the help of their family member. Also due to limited land holding at times, there are more labour working compared with what is actually required, this leads to disguised unemployment. Use of primitive tools and techniques further reduce the ability of these families to increase production.

Output of rise in India is at one stage which was less than its domestic demand. However, it is actually not.

i. Do you think it means that the law of diminishing returns has failed in Indian Agriculture?

ii. Complete the following table:

Unit of labour	TP	AP	MP
0	-	-	0
1	-	-	10
2	-	-	12
3	-	-	14
4	-	-	14
5	-	-	12

CHAPTER:- 8 (CONCEPTS OF COST)

Answer the following questions

Multiple choice questions

Q1. If a firm produces zero output in the short period, then:

a. Total Cost will be zero   b. Variable Cost will be zero

c. Fixed Cost will be zero   d. Total cost will be negative

Q2. Salary of permanent staff is:

    a. Variable and implicit cost   b. Fixed and implicit cost

    c. Fixed and explicit cost   d. Variable and explicit cost

Q3. Which of the following is an explicit cost item?

    a. Investment of personal saving by a producer   b. Hired labour

    c. Management of business by its owner   d. Rent of own land

Q4. From the following statement given in column I and column II, Choose the correct pair of statement:

Column I	Column II
A. AFC	1. Expenditure incurred by the producer
B. Short Run Cost	2. Cost that as firm incurs to employ
C. Fixed Costs	3. Costs can't be changed
D. Variable Costs	4. Per unit fixed cost of production

    a. A-1   b. B- 2   c. C-3   d. D- 4

Q5. Read the following statements Assertion (A) and Reason (R). Choose one of the correct alternatives given below:

    Assertion (A): Total Variable Cost (TVC) can be changed in the short run.

    Reason (R): TVC increases initially at a decreasing rate, then at a constant rate and finally, at an increasing rate.

    a. Both Assertion (A) & Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

    b. Both Assertion (A) & Reason (R) are true, but Reason (R) is not the correct explanation of Assertion(A).

    c. Assertion (A) is true, but Reason (R) is false.

    d. Assertion (A) is false, but Reason (R) is true.

Subjective questions

Q6. The distance between AVC and AFC curve tends to reduce as output increases. Is it true?

Q7. Why does average fixed cost falls as output rises?

Q8. The distance between AVC and AFC curve tends to reduce as output increases. Is it true?

Q9. Why does average fixed cost falls as output rises?

Q10. Complete the following tables:

i.

Output	AFC	TFC	TVC	MC
0	-	50	-	-
1	-	-	-	10
2	-	-	18	-
3	-	-	-	6
4	-	-	28	-
5	-	-	-	2

ii.

Output	ATC	AVC	MC	TFC
1	54	30	30	-
2	-	24	-	-
3	-	-	24	-

4	33	-	-	-

Q11. Case based questions

Read the following case study and answer the question no. on the basis of the same.

Fixed Costs are expenditures that do not change regardless of the level production at least not in the short term. Whether you produce a lot or a little, the fixed costs are same. One example is the rent of a factory or a retail space. Once you sign the lease, the rent is same.

Variable Costs, on the other hand, are incurred in the act of producing the more you produce, the greater is the variable cost, since producing a greater quantity of a good service typically requires more workers or more working hour. Variable cost would also include cost of raw material used.

i. State the cost which remains constant with change in output.

ii. Give two examples of fixed cost.

iii. Define variable cost.

CHAPTER:- 9 (CONCEPTS OF REVENUE)

Answer the following questions

Multiple choice questions

Q1. When TR is maximum ?

a. AR is maximum   b. MR is maximum   c. AR is zero   d. MR is zero

Q2. If TR of 5 units of output is Rs. 80 and of 8 units is Rs. 110, then MR of 8th unit of output is:

a. Rs. 22   b. Rs. 16   c. Rs. 8   d. Rs. 10

Q3. When average revenue is Rs 20 and output is equal to 50 units, total revenue will be:

a. Rs. 100   b. Rs. 600   c. Rs. 450   d. Rs. 1000

Q4. From the following statement given in column I and column II, Choose the correct pair of statement :

Column I	Column II
A. Total Revenue	1. Quantity cost Price
B. Average Revenue	2. TRn – TR
C. Marginal Revenue	3. Change in total Revenue/Change in number of unit
D. Revenue	4. profit

a. A-1   b. B- 2   c. C-3   d. D- 4

Q5. Read the following statements Assertion (A) and Reason (R) . Choose one of the correct alternatives given below:

Assertion (A): Total Revenue is at its maximum point when marginal revenue is zero.

Reason (R): When every additional unit is sold at the same price, Marginal Revenue = Average Revenue.

a. Both Assertion (A) & Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

b. Both Assertion (A) & Reason (R) are true, but Reason (R) is not the correct explanation of Assertion (A).

c. Assertion (A) is true, but Reason (R) is false

d. Assertion (A) is false, but Reason (R) is true.

Subjective questions

Q6. How do changes in marginal revenue affect total revenue?

Q7. Explain the AR and MR curve of a firm under the Non competition.

Q8. Complete the following table:

i.

Output	Price	TR	MR
1	-	18	-

-	16	-	14
3	-	42	-
4	12	-	-
-	10	-	2

ii.

Output	AR	TR	MR
1	20	-	-
2	-	36	-
3	-	-	9
4	13	52	-
5	-	-	-2

Q9. Draw AR and MR for a firm when in a perfectly competitive market, price of the product reduces from Rs. 12 to Rs. 10 per unit?

Q10. Case based questions

Read the following case study and answer the question on the basis of the same.

Revenue is an important aspect of producer's behavior. In indicates a firm's receipts from sales. In other words, it also indicates the demand for firm's goods and services. More sales usually indicate more revenue but higher sales depend upon the form of market and elasticity of demand. Firms have better control over price when demand is inelastic.

i. Explain the relationship between AR and MR under perfect competition. Use a diagram.

ii. Find a fall in market demand for the commodity when TR of the monopoly firm reduces from rupees 5000 to rupees 500, AR increases from rupees 50 to rupees 90.

CHAPTER:- 10 (PRODUCER'S EQUILIBRIUM)

Answer the following questions

Multiple choice questions

Q1. Normal profit is treated as a part of implicit cost because;
   a. It is imputed cost of entrepreneurial own services   b. It is fixed cost
   c. It is variable cost   d. It is social cost

Q2. At a particular level of output, a producer finds that MC < MR. What will a producer do to maximize his profits?
   a. increases the production   b. reduce his production
   c. No change in production   d. decreases the production

Q3. ------------ refers to a situation when a firm has no intention to expand or contract the output.
   a. Producer's Equilibrium   b. Market Equilibrium
   c. Consumer's Equilibrium   d. Economic Equilibrium

Q4. From the following statement given in column I and column II, Choose the correct pair of statement:

Column I	Column II
A. Profit	1. MC = MR and MC greater than MR after MC = MR output level
B. When Price remains constant	2. When price Falls with rise in output
C. At Producer's Equilibrium	3. Excess of receipts from the sale of goods over the expenditure incurred on producing them

D. Price is more than MC at the equilibrium level	4. Price is equal to MC at the equilibrium level

a. A-1   b. B- 2   c. C-3   d. D- 4

Q5. Read the following statements Assertion (A) and Reason (R) . Choose one of the correct alternatives given below:

Assertion (A): The state of the Producer's Equilibrium either reflects maximum profits or minimum losses.

Reason (R): When MC > MR after equilibrium, it means producing more will lead to rise in profits.

a. Both Assertion (A) & Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

b. Both Assertion (A) & Reason (R) are true, but Reason (R) is not the correct explanation of Assertion.

c. Assertion (A) is true, but Reason(R) is false.

d. Assertion (A) is false, but Reason (R) is true.

Subjective questions.

Q6. Explain producer's equilibrium with the help of numerical example when MR is falling.

Q7. Why should MC and MR be equal at equilibrium output?

Q8. What is the difference between break- even point and shut down point?

Q9. When does a firm in equilibrium earn normal profit?

Q10. On the basis of the data given below, determine the level of output at which the producer will be in equilibrium. Use the marginal cost-marginal revenue approach.

Output (Units)	1	2	3	4	5	6	7
Average Revenue(Rs.)	7	7	7	7	7	7	7
Total cost (Rs.)	8	15	22	28	33	40	48

Q11. From the following information about a firm, fin the firm's equilibrium output in terms of marginal cost and marginal revenue. Give reason. Also find profit at this output.

Output (Units)	1	2	3	4	5
Total Revenue(Rs.)	6	12	18	24	30
Total cost (Rs.)	7	13	17	23	31

CHAPTER:- 11 (THEORY OF SUPPLY)

Answer the following questions

Multiple choice questions

Q1. Price elasticity of supply of a good is 3. It indicates that:

a. When price rises by 1% supply rises by 3%

b. When supply rises by 1% price rises by 3%

c. When price rises by 1% supply falls by 3%

d. When supply rises by 1% price falls by 3%

Q2. If the price of a good rises by 40% and supply increases by only 15%, the supply of the good will be

a. Highly elastic   b. Elastic   c. Perfectly Inelastic   d. inelastic

Q3. Which of the following is not a feature of supply?

a. Price of the commodity   b. Period of time

c. Willingness to buy   d. Quantity of the commodity

Q4. From the following statement given in column I and column II, Choose the correct pair of statement :

Column I	Column II
A. Stock	1. Upward Movement

B. Increase in supply	2. Total Quantity available at a particular point of time
C. Expansion in supply	3. Supply rises at the same price
D. Law of supply	4. State direct relationship between price and quantity supplied.

a. A-1   b. B- 2   c. C-3   d. D- 4

Q5. Read the following statements Assertion (A) and Reason (R). Choose one of the correct alternatives given below:

Assertion (A): Price Elasticity of Supply is more than one in the case of elastic supply.

Reason (R): Proportionate change in price is more than proportionate change in supply.

a. Both Assertion (A) & Reason (R) are true and Reason (R) is the correct explanation of Assertion.

b. Both Assertion (A) & Reason (R) are true, but Reason (R) is not the correct explanation of Assertion.

c. Assertion (A) is true, but Reason (R) is false.

d. Assertion (A) is false, but Reason (R) is true.

Subjective questions

Q6. Explain the difference between change in supply and change in quantity supplied.

Q7. The market price of a good changes from Rs. 5 to Rs. 20. As a result, quantity supplied by a firm increases by 15 units. The price elasticity of firm's supply curve is 0.5. Find the initial and the final output level of the firm.

Q8. At the market price of Rs. 10, a firm supply 4 units of output. The market price increases to Rs.30. The price elasticity of firm's supply is 1.25. What quantity will the firm supply at new price?

Q9. The price elasticity of supply of good X is half the price elasticity of supply of Good Y. A 10% rise in the price of good Y results in a rise in its supply from 400 units to 520 units. Calculate the percentage change in quantity supplied of good X when its price falls from Rs. 10 to Rs. 8 per unit.

Q10. Case based questions

Read the following case study and answer the question on the basis of the same.

Year 2020 has seen many ups and downs in terms of production activities and demand in the whole country. Not only India, the entire world has suffered in a big way due to the outbreak of Corona Virus Pandemic. Since, this Pandemic started in November 2019 in China till Present time our trading relation with China has also been affected, not only this due to boarder conflict as well. India is now facing the problem of deflationary gap and heading towards a negative growth rate. Government of India has also announced a relief package to help revive the economic condition of the vulnerable groups. Slowly and gradually impact has been seen on the market as India's demand is increased during September 2020.

i. How is the impact of Covid-19 will affect the supply of the goods of a firm? Use a diagram.

ii. Explain the concept of change in supply.

UNIT 7 FORMS OF MARKET & PRICE DETERMINATION UNDER PERFECT COMPETITION WITH SIMPLE APPLICATIONS
CHAPTER:- 12(FORMS OF MARKET: PERFECT COMPETITION)

Answer the following questions

Multiple choice questions

Q1. A firms demand curve under perfect competition is:

a. Perfectly elastic   b. Perfectly inelastic

c. Elastic   d. Inelastic

Q2. In case of perfect competition:

a. A firm is able to charge higher price

b. A firm is able to charge uniform price

c. A firm is able to sell any amount at the prevailing price

d. Both b.& c.

Q3. **Read the following statements Assertion (A) and Reason (R) . Choose one of the correct alternatives given below:**

Assertion (A): Under perfect competition, revenue from each additional unit is equal to price.

Reason (R): Price is given and it remains constant at all levels of output.

a. Both Assertion (A) & Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

b. Both Assertion (A) & Reason (R) are true, but Reason (R) is not the correct explanation of Assertion.

c. Assertion (A) is true, but Reason (R) is false.

d. Assertion (A) is false, but Reason (R) is true.

Subjective questions.

Q4. What is implication of homogeneous product under perfect competition?

Q5. Why there are no selling cost in perfect competition?

Q6. What is the shape of revenue curve under perfect competition?

Q7. State any two features of perfect competition.

Q8. "Large number of buyer and seller compete with homogeneous product in perfect competition." Defend or refute the given statement with valid reason.

Q9. Draw demand curve of perfect competitive market. Give reason for its shape.

Q10. Case based questions

Read the following case study and answer the question on the basis of the same.

Under perfect competition, there are a large number of seller selling homogenous product. Each seller sells quite an insignificant portion of total price in the market. Both buyers and sellers do not have any trade union or association. The price of the commodity under perfect competition is determined by the forces of demand and supply of the product. Every seller accepts the price as determined by the market. No individual firm can influence this price. It has to decide how much quantity of the commodity it wants to sell. It is because of this, that the seller under perfect competition is a price taker.

i. Explain the implications of freedom of entry and exit of firms under perfect completions.

ii. A perfectly competitive firm is a price taker and industry the price maker. Comment.

CHAPTER:- 13 (MARKET EQUILIBRIUM UNDER PERFECT COMPETITION AND EFFECTS OF SHIFTS IN DEMAND AND SUPPLY)

Answer the following questions

Multiple choice questions

Q1. If demand for a product falls, equilibrium price will:

a. Rise   b. Fall

c. Remain constant   d. Either rise or fall

Q2. Increase in the income of buyer in case of inferior good will cause:

a. Fall in equilibrium price and quantity.

b. Rise in equilibrium price and quantity.

c. Fall in equilibrium price but rise in equilibrium quantity.

d. Rise in equilibrium price but fall in equilibrium quantity.

Q3. The minimum assured price offered by the government to the farmers for the purchase of their output is called:

a. Ceiling price   b. Equilibrium price

c. Support price   d. Market price

Q4. Read the following statements Assertion (A) and Reason (R) . Choose one of the correct alternatives given below:

Assertion (A): Excess supply of a commodity exists when its price is greater than equilibrium price.

Reason (R): Market price is greater than equilibrium price, quantity supplied exceeds quantity demanded.

   a. Both Assertion (A) & Reason (R) are true and Reason (R) is the correct explanation of Assertion (A).

   b. Both Assertion (A) & Reason (R) are true, but Reason (R) is not the correct explanation of Assertion.

   c. Assertion (A) is true, but Reason (R) is false.

   d. Assertion (A) is false, but Reason (R) is true.

Subjective questions

Q5. Market for good is in equilibrium. What is the effect on equilibrium price and quantity if the proportionate increase in market demand is greater than increase in market supply? Use diagram.

Q6. How is equilibrium price and equilibrium quantity is affected due to increase in the number of firms?

Q7. Distinguish between price ceiling and price floor.

Q8. Read the following hypothetical information carefully and answer the given question:

Items	Quantity
Equation of demand curve of commodity X	$Q_d = 400 - 2p$
Equation of supply curve commodity X	$Q_s = 100 + 4p$
New equation of supply curve of commodity X after the change in input price	$Q_s = 160 + 4p$

   i. What will be equilibrium price in initial case?

   ii. What will be equilibrium quantity in initial case?

   iii. What will be new equilibrium price after change in input price?

   iv. What will be equilibrium quantity after change in input price?

Q9. Case based questions

Read the following case study and answer the question on the basis of the same.

Based on the recommendation of the Commission for Agriculture Costs and Prices (CACP), the Department of Agriculture and Co-operation, Government of India, declares Minimum Support Price (MSP) The MSP System was started in 1966-67 for Wheat and was expanded further to include other essential food crops, Which was then sold to the poor under subsidized rates under PDS. The Production Cost is one of the main factors to determine the MSP and the CACP considers all the cost in comprehensive manner.

   i. On which agency's recommendation minimum support price is declared?

   ii. State the term for "Selling essential food items to poor at subsidized price''.

   iii. Under which policy, does minimum support price fall?