

## COMMERCE GE – I (MICRO ECONOMICS)

### FILL UP THE BLANKS:

#### Section – I

1. The term 'Microeconomics and Macroeconomics' was introduced by \_\_\_\_\_.
2. The term 'Microeconomics' has been derived from the Greek word \_\_\_\_\_.
3. The term 'Macroeconomics' has been derived from the Greek word \_\_\_\_\_.
4. Small individual units, individual consumer, individual firm deals with \_\_\_\_\_.
5. The term '*Makros*' means by \_\_\_\_\_.
6. Large aggregates such as total national output and income, total employment deal with \_\_\_\_\_.
7. According to \_\_\_\_\_, microeconomics is the study of particular firms, particular households and individual wages.
8. Microeconomics is a study of economic \_\_\_\_\_.
9. Economic efficiency is the subject matter of \_\_\_\_\_ welfare economics.
10. Important part of Microeconomics studies whether and how all the different cells get adjusted at the same time. This is called \_\_\_\_\_ equilibrium analysis.
11. The definition of economic dynamics must follow from the definition of economic statics. According to \_\_\_\_\_ economist used that.
12. Static analysis, data are assumed to be \_\_\_\_\_.
13. In \_\_\_\_\_ analysis, equilibrium positions corresponding to different sets of data are compared.
14. Sort of comparative analysis of two equilibrium positions may be described as \_\_\_\_\_ static analysis.
15. The relationship between certain variables, the values of which refer to the different points are know as \_\_\_\_\_ relationship.
16. Demand for a commodity is consumers' \_\_\_\_\_ to have it for which he is willing and able to pay.
17. Desire to purchase and the ability to pay is called \_\_\_\_\_.
18. \_\_\_\_\_ is the amount of satisfaction which an individual derives from consuming a commodity.
19. Want satisfying power of a commodity is called \_\_\_\_\_.
20. Consumers' demand for consumer goods for their own satisfaction is called \_\_\_\_\_.
21. \_\_\_\_\_ demand for a goods is the is the total sum of all individual consumers who purchase the commodity at various prices in the market period.
22. There is a \_\_\_\_\_ relations between price and quantity demanded.
23. According to \_\_\_\_\_ there exists inverse relationship between price and quantity demanded.
24. \_\_\_\_\_ is the reason for the downward slopping of demand curve.

25. Fall in price of a commodity, consumer's real income or purchasing power \_\_\_\_\_.
26. Quantity demanded of a commodity rises as its price falls is the \_\_\_\_\_.
27. In case of Veblen effect, there are \_\_\_\_\_ relationship between price and demand.
28. In case of \_\_\_\_\_ goods, the demand curve will slope upward.
29. Market demand curve is derived by \_\_\_\_\_.
30. There are some goods which are not demanded by individuals to satisfy their wants directly is called \_\_\_\_\_.
31. \_\_\_\_\_ utility implies that a person can compare utilities derived from goods in respect of size.
32. According to Marshall, \_\_\_\_\_ is actually measurable in terms of money.
33. According to cardinal utility analysis, use of introspective method indulging the behaviour of \_\_\_\_\_.
34. The law of diminishing marginal utility means that the \_\_\_\_\_ increase at a decreasing rate.
35. Zero marginal utility of a goods implies that the \_\_\_\_\_ has all that he wants of the good in question.
36. Marshall's famous book is \_\_\_\_\_.
37. Because of diminishing marginal utility that the demand curve slopes \_\_\_\_\_.
38. Marshallian concept of consumer's surplus is based on the principle of \_\_\_\_\_.
39. Principle of equi-marginal utility occupies an important place in \_\_\_\_\_ utility.
40. The law of \_\_\_\_\_ states that the consumer will distribute his money income between the goods in such a way that the utility derived from the last rupee spend on each goods is equal.
41. \_\_\_\_\_ is the sum of the substitution effect and income effect.
42. Indifference curve is first used by \_\_\_\_\_ economist.
43. Indifference curve is based upon the \_\_\_\_\_ utility.
44. In 1939, Hicks reproduced the indifference curve theory of consumers' behaviour in his \_\_\_\_\_ book.
45. \_\_\_\_\_ represents degree of responsiveness of demand of a goods to a change in its price.
46. \_\_\_\_\_ elasticity represents degree of responsiveness of demand of a goods to a change in the price of a related goods.
47. The demand for a necessary goods like salt is \_\_\_\_\_.
48. Mathematically speaking, price elasticity of demand is \_\_\_\_\_.
49. \_\_\_\_\_ demand is the demand of acute diabetic patient for insulin.
50. In case of negative cross elasticity of demand, price consumption curve slopes \_\_\_\_\_.
51. Goods having negative income elasticity are known as \_\_\_\_\_ goods.
52. In the initial ranges of income and therefore the slope of its angle curve is \_\_\_\_\_.

53. Equal-product curve are called \_\_\_\_\_.
54. \_\_\_\_\_ represents all those input combination which are capable of producing the same level of output.
55. \_\_\_\_\_ indicates the rate at which factors can be substituted at the margin without altering the level of output.
56. The slope of Iso quant is \_\_\_\_\_.
57. \_\_\_\_\_ is that is equal to the ratio of the marginal physical products of the two factors.
58. The amount of capital that is required to be replaced by an additional unit of labour so as to keep the output constant will \_\_\_\_\_.
59. Horizontal straight line would indicate that the marginal products of labour are \_\_\_\_\_.
60. Vertical isoquant state that marginal products of capital are \_\_\_\_\_.
61. \_\_\_\_\_ of isoquant curves imply that diminishing returns to a variable factor.
62. Homogeneous production function of the \_\_\_\_\_ degree implies that if all factors of production are increased in a given proportion.
63. Linear homogeneous production function represents the case of \_\_\_\_\_.
64. In CD production function there are \_\_\_\_\_ inputs.
65. In case of linear homogeneous production function  $\alpha + \beta =$  \_\_\_\_\_.
66. In case of increasing return to scale  $\alpha + \beta$  is \_\_\_\_\_.
67. \_\_\_\_\_ line is defined as the locus of various combinations of factors which a firm can buy with a constant outlay.
68. The Iso-cost line is called in another way as \_\_\_\_\_.
69. The slope of Iso-cost is \_\_\_\_\_.
70. The \_\_\_\_\_ path may be defined as the locus of the points of tangency between the iso-product curve and the Iso-cost curve.
71. Relative prices of goods tend to reflect their \_\_\_\_\_.
72. \_\_\_\_\_ prices of goods don't always reflect their true social opportunity costs.
73. Economic opportunity cost include both explicit cost and \_\_\_\_\_ cost.
74. Total revenue - Economic costs = \_\_\_\_\_.
75. Total revenue - (Explicit costs + Implicit costs) = \_\_\_\_\_.
76. \_\_\_\_\_ costs are those which are independent of output, that is they do not change with changes in output.
77.  $\frac{TFC}{Q} = AFC$
78. In \_\_\_\_\_ market products of all firms are homogeneous.
79. Firms can not affect the price by varying its supply of output in \_\_\_\_\_ market.
80. There are large number of firms and buyers of a product in \_\_\_\_\_ market.
81. The theory of monopolistic competition was written by \_\_\_\_\_.

82. Monopolistic competition characterized by a large number of firms and \_\_\_\_\_ differentiation.
83. Demand curve facing by a firm under monopolistic competition is highly \_\_\_\_\_.
84. Oligopoly without product differentiation is known as \_\_\_\_\_.
85. Oligopoly with product differentiation is called as \_\_\_\_\_ oligopoly.
86. Existence of \_\_\_\_\_ producer or seller which is producing or selling a product.
87. In perfect competition, cross elasticity of demand for the product of a single firm with respect to a change in the price will be \_\_\_\_\_.
88. \_\_\_\_\_ from the production and sale of a product of a firm is the total quantity of the product produced and sold multiplied by price of the product.
89. \_\_\_\_\_ is defined as the extra revenue earned by producing and selling an extra unit of output.
90.  $EMR =$  \_\_\_\_\_.
91. Total revenue increases when MR is \_\_\_\_\_.
92. Where MR is equal to zero, TR is \_\_\_\_\_.
93. When one unit of output is produced and sold, TR, MR and AR are \_\_\_\_\_.
94. When TR starts declining and MR becomes \_\_\_\_\_.
95. When TR increases when MR \_\_\_\_\_.

**COMMERCE GE – I (MICRO ECONOMICS)**

**Section – II**

**Answer the following questions within 3 sentences each**

**Each question carries 2 marks each**

1. Differentiate Micro economics from Macro economics.
2. What is partial equilibrium?
3. What is General equilibrium?
4. What do you mean by comparative studies?
5. What is meant by dependent variable?
6. What is meant by intercept?
7. What is a linear function?
8. What is law of demand?
9. What is Veblen goods? Give an example.
10. What is cross elasticity of demand?
11. What is production function?
12. What is return to scale?
13. What is MR and AP?
14. What is the output elasticity of labour?
15. Shortly define the elasticity of labour.
16. What is cob-douglar production function?
17. What is law of variable proportion?
18. What is Iso-quant?
19. What is marginal rate of technical substitution?
20. What is constant return to scale?
21. What is Iso-cost?
22. What is Expansion Path?
23. What is MR and AR?
24. What is TR? Give an example of it.
25. What is indifference curve?
26. What is  $MRS_{XY}$ ?
27. What do you mean by price effect?
28. What do you mean by substitution effect?
29. What is the meaning of production possibility curve?
30. Explain the supply curve in short run.
31. What is pure competition?
32. What is perfect competition?
33. Explain imperfect competition.
34. What do you mean by imperfect competition?
35. What is meant by differentiated oligopoly?
36. What is monopoly market?
37. Explain the relationship between MR and TR.
38. What is profit maximisation?
39. What is fixed cost?
40. What is variable cost?
41. What is price discrimination?
42. What is the meant by non-collusive oligopoly?
43. What is meant by collusive oligopoly?
44. What is producer surplus?
45. What is consumer surplus?

### Section – III

Answer the following questions within 75 words each:

1. Give three differences between Micro economics and Macro economics.
2. What is General equilibrium? Give examples.
3. What is market demand?
4. Find 3 major part of exceptional law of demand.
5. Give the reasons for which the demand curve slopes downwards.
6. What is derived demand? Give examples of it.
7. What is slope of IC? Give reasons of IC concave.
8. What is indifference map?
9. Give 3 properties of indifference curve.
10. What is Iso-quant and expansion path?
11. What is marginal product? How it differs from AP?
12. What is budget line? Show the slope of budget line.
13. Explain convexity of Iso-quant.
14. What is substitution effect?
15. What is factor-price ratio?
16. What is profit maximisation?
17. What is normal profit? Show the same with a diagram.
18. What is short-run supply curve of PC?
19. What is price elasticity of demand?
20. What is cross elasticity of demand?
21. What is collusive oligopoly? Give example.
22. What is non-collusive oligopoly? Give example.
23. What is imperfect competition? Give example.
24. Show the difference between pure competition and perfect competition.
25. Explain Total Revenue (TR) and Marginal Revenue (MR) mathematically.
26. What is oligopoly? Give examples.
27. What is monopolistic competition? Give examples.



## COMMERCE GE – I (MICRO ECONOMICS)

### LONG QUESTIONS OF 7 MARKS EACH

#### SECTION – IV

**Answer the following within 500 words each**

1. Explain the significance of managerial decision making.
2. Explain the differences between Macroeconomics and Microeconomics.
3. Distinguish between cardinal utility and ordinal utility.
4. How is a demand curve for a commodity derived in Marshall's cardinal utility analysis?
5. Explain the differences between income effect and substitution effect.
6. What is Giffen Paradox? Explain why Marshall could not resolve it with this cardinal utility analysis.
7. Explain cardinal utility of analysis.
8. Explain the indifference curve. Write the properties of indifference curve.
9. Explain why indifference curve slopes downward.
10. Define how price effect is broken by income effect and substitution effect.
11. What is inferior goods? How is it different from normal goods?
12. Why is demand curve for Giffen goods has a positive slope?
13. Explain Slutsky substitution effect.
14. Explain the concept of production function.
15. What is expansion path? Show that expansion path on a linear homogeneous production function is a straight line from the origin.
16. Explain using Iso-quant-Iso-cost apparatus how a change in price of a factor is split up into output effect as substitution effect.
17. Explain the elasticity of demand. What are the different types of elasticity of demand?
18. Explain the differences between perfect competition and pure competition.
19. Explain the short-run supply curve in perfect competition.
20. Define market structure. Explain the classification of market structure.
21. Define the relationship between TR, AR and MR.
22. Explain average and marginal revenue curves deriving from TR curve.