

QUESTION BANK

DEPARTMENT OF ECONOMICS, NAYAGARH AUTONOMOUS COLLEGE, NAYAGARH

+3 2ND 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 _____.
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

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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 of elasticity is _____.

34. In case of perfectly elastic demand, value of elasticity is _____.

35. In case of unitary elastic demand, value of 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

_____.

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 unit 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.

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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?
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?

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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?
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?

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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?
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?

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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?
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?

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- 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?

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?

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