

AES'S  
**Tuljaram Chaturchand College**  
**Baramati**  
**Department of Economics**

**Question Bank** for  
**M.A.I (Semester-I) 2019-20**  
**Micro Economics: I (ECO-4101)**

**1. Objective Questions.**

1. Who is the father of economics?

- |                   |                  |
|-------------------|------------------|
| A. Thomas Malthas | B. Devid Recardo |
| C. Adam Smith     | D. Steve Smith   |

2. Which of the following is true?

- a. Indifference curves slop downward from left to right.
- b. Indifference curves slop downward from right to left.
- c. Indifference curves are convex to the point of origin of two axes.
- d. Indifference curves never intersect each other.

- |                          |                          |
|--------------------------|--------------------------|
| A. a, b, c, are true.    | B. b, c, and d are true. |
| C. a, c, and d are true. | D. a and d are true.     |

3. Which one of the following is not the assumption of indifference curve analysis?

- |                                   |                               |
|-----------------------------------|-------------------------------|
| A. Weak ordering.                 | B. Constant income.           |
| C. Perfect divisibility of goods. | D. Ordinal nature of utility. |

4. The Law of Diminishing Returns to Scale holds true in the

- |                   |                    |
|-------------------|--------------------|
| A. Market Period. | B. Short Period.   |
| C. Long- Period   | D. Secular Period. |

5. The Law of Variable Proportion holds true in the

- |                   |                  |
|-------------------|------------------|
| A. Market Period. | B. Short Period. |
|-------------------|------------------|

C. Long- Period

D. Secular Period.

6. The demand for labour by firm is a derived demand because it depends upon

A. The demand for goods and services that labour helps to produce.

B. The degree of substitution between labour and other factors of production.

C. The elasticity of demand for labour.

D. The demand for other factors of production.

7. Marshallian theory of consumers' behaviour is based on...

A. Hypothesis of additive utility.

B. Hypothesis of independent utility.

C. Both A and B.

D. Weak ordering.

8. Put the following in chronological order on the basis of development.

a. Law of demand,

B. Revealed preference analysis.

c. Indifference curve analysis.

D. Law of diminishing marginal utility.

A. a, c, b, d.

B. a, d, c, b.

C. a, b, d, c.

D. a, c, d, b.

9. .... is the demand function.

A.  $D = f(P)$

B.  $D = f(P, Y)$

C.  $D = (P, T, N, L)$

D. None of the above.

10. What is consumption function?

A.  $D = f(P)$

B.  $C = f(P, Y)$

C.  $C = f(Y)$

D. All of the above

## 2. Answer in one sentence.

1. What is meant by economics?

2. Write the definition of Microeconomics.

3. What is meant by static economics?

4. Give the definition of dynamic economics.

5. Write the definition of floor price.
6. What is meant by ceiling price?
7. What is meant by utility?
8. What is meant by marginal utility?
9. Write the definition of indifference curve.
10. Write the definition of income effect.
11. Give the definition of substitution effect.
12. What is meant by price elasticity of demand?
13. What is meant by income elasticity of demand?
14. What is meant by cross elasticity of demand?
15. Write the definition of consumers' surplus.
16. What is meant by production?
17. Write the definition of production function.
18. Give the definition of law of variable proportions.
19. Write the definition of law of returns to scale.
20. What is meant by Total Cost?
21. what is meant by Average cost?
22. What is meant by Marginal Cost?
23. Write the definition of Total Revenue.
24. What is meant by Average revenue?
25. what is meant by Marginal Revenue?
26. Write the definition of elasticity of supply.
27. What is meant by producers' surplus?
28. What is meant by extwrnality?
29. Give the definition of social welfare.

30. What is meant by inductive methodology of economics.

### **3. Short notes.**

1. Deductive V/s Inductive methodology of economics.

2. Static and Dynamic economics.

3. Market and price mechanism.

4. Basic economic problems.

5. Floor price and ceiling price.

6. Cardinal utility.

7. Ordinal utility.

8. Assumptions of law of diminishing marginal utility.

9. Demand curve.

10. Theory of revealed preference .

11. Limitations of law of diminishing marginal utility.

12. Price elasticity of demand.

13. Income elasticity of demand.

14. Cross elasticity of demand.

15. Consumers surplus.

16. Preference ordering.

17. Production function – one input and two inputs.

18. ISOquants.

19. Elasticity of supply.

20. Externality.

21. Concept of social welfare.

22. Producer's surplus.

#### **4. Short answer questions.**

1. Explain the nature of microeconomics.
2. Explain the scope of microeconomics.
3. Explain the importance of microeconomics.
4. Explain the limitations of microeconomics.
5. State the microeconomic problems.
6. State the floor price and ceiling price.
7. Explain the determinants of demand.
8. Explain the cardinal utility and ordinal utility.
9. Explain the income and price expansion paths.
10. State the theory of revealed preference.
11. Explain the concept of consumers' surplus.
12. Explain the concept of social welfare.
13. Explain the partial and general equilibrium.
14. State the concept of elasticity of supply.
15. Explain the concepts of total revenue, average revenue and marginal revenue.
16. State the economist concept of cost.
17. Explain the producers equilibrium with one input and two inputs.
18. State the stages of law of variable proportions.
19. State the stages of law of returns to scale.
20. Explain the Cobb-Douglas production function.

#### **5. Long answer questions.**

1. Explain the nature and scope of microeconomics.
2. Explain the importance and limitations of microeconomics.
3. Explain the basic assumptions of economic analysis.

4. Explain the basic microeconomic problems of scarcity and choice.
5. Explain the law of diminishing marginal utility.
6. Explain the characteristics of indifference curve.
7. Explain the income and substitution effects.
8. What is meant by price elasticity of demand? Explain the types of price elasticity of demand.
9. What is meant by income elasticity of demand? Explain the types of income elasticity of demand.
10. Critically evaluate the law of diminishing marginal utility.
11. Explain the determinants of elasticity of demand.
12. What is meant by consumers' surplus ? Explain the consumers' surplus with neat diagram.
13. Explain the law of variable proportions.
14. Explain the law of returns to scale.
15. Explain the Cobb-Douglas Production function.
16. Explain the producers equilibrium with one input and two inputs.
17. Explain the relationship between Total Revenue, Average Revenue and Marginal Revenue.
18. Explain the partial and general equilibrium.
19. Explain the Edgeworth box depiction of competitive market equilibrium involving only exchange.
20. What is meant by producers' surplus ? Explain the producers' surplus with diagram.

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