



KALIACHAK COLLEGE

Department of Economics

Question Bank

Microeconomics

Unit-wise question-bank three categories viz

Short essay type of 8 marks,

Short answer types of 4 marks and

Objective types of 2 marks each.

A. Exploring the subject matter of Economics

Short Essay type Questions:

1. Define economics and explain its basic principles.
2. What is the difference between microeconomics and macroeconomics?
3. Explain the concept of opportunity cost with an example.
4. Discuss the nature of economic problem and how it arises.
5. What is the scope of economics? Explain its various branches
6. write a short note on the scope of Economic analysis.
7. What are the themes, Economics, as a branch deals with?
8. Discuss the salient features of Basic Competitive model
9. Point out the chief features of a capitalistic type of economy.
10. Distinguish between capitalistic and socialistic form of economies
11. Discuss the main features of a mixed economy.

Here are some important questions on the nature and scope of economics at the undergraduate level:

Short Answer Questions

1..

Essay-Type Questions

1.

Critical Thinking Questions

1. How does the concept of scarcity affect individual and societal decision-making?
2. Can economic efficiency be achieved in a world with unlimited wants and limited resources? Explain.
3. How do economic systems differ in their approach to resource allocation? Provide examples.

These questions cover the fundamental concepts and principles of economics, including the nature and scope of economics, microeconomics and macroeconomics, opportunity cost, and economic efficiency.

Short Answer type questions

1. What are the basic questions that Economics deals with?
2. Briefly explain the concept of marginal benefit
3. What are the chief features of a PPF Curve?
4. Briefly explain the concept of efficiency.
5. Distinguish between social cost and private cost of production.
6. Write a short note on the concept of opportunity cost
7. What role does invisible hand play in the capitalistic form of economy?

Objective Type questions

1. What are the fundamental questions that Economics addresses?
2. What do you mean by productive efficiency?
3. What is allocative efficiency?
4. Define opportunity cost
5. What are the components of social costs?
6. What do you mean by marginal cost of production?
7. Define marginal benefit of a producer.
8. In what respect is the marginal benefit of a consumer different from that of a producer?
9. Site examples of mixed economy?
10. What is laissez faire policy ?

B. Supply & Demand: How market works, market & welfare

Short Essay type Questions:

1. Discuss the nature and scope of economics. How does it differ from other social sciences?
2. Explain the basic principles of economics, including scarcity, choice, and opportunity cost.
3. Distinguish between microeconomics and macroeconomics. Provide examples of each.
4. Discuss the role of economics in understanding real-world problems, such as poverty, unemployment, and inflation.
5. Explain the concept of economic efficiency and its importance in resource allocation.
6. Discuss the chief features of the law of demand.
7. Explain the determinants of the household demand
8. Distinguish between change of demand and shift of demand.
9. How can the market demand curve be drawn from individual household demand curves?
10. State the law of supply? Discuss the determinants of supply

11. How does the interaction between demand and supply determine the equilibrium price under a competitive model?
12. Discuss with suitable diagram the different state of equilibrium price change
13. Discuss with a suitable diagram the stability conditions of equilibrium .
14. Discuss the concept of surplus with a suitable diagram.
15. Define elasticity of demand? Discuss the importance of elasticity in economics analysis.
16. How to determine the point elasticity of a straight line demand curve ?

Short Answer type questions

1. **What are the assumptions behind the law of demand**
2. **Point out the causes of shift of a demand curve.**
3. **Establish the relationship between elasticity and slope of a demand curve.**
4. **Prove that the elasticity at the point of intersection of two demand curves are different from each other.**
5. **Define Cross elasticity and its implications.**
6. **Define income elasticity. Distinguish it from that of price elasticity.**

Objective Type questions

1. State the law of demand
2. State the law of supply
3. What do you mean by equilibrium price?
4. Define price elasticity of demand
5. What do you mean by income elasticity of demand
6. What is cross elasticity of demand?
7. What do mean by consumers' surplus?
8. What is the producer's surplus?
9. When does total surplus become maximum?

C. Utility Theory of demand

Short essay type questions

1. Discuss the law of diminishing marginal utility with a suitable diagram
2. Discuss the consumer's equilibrium under the utility regime.
3. Establish the law of demand from the law of diminishing marginal utility

Short Answer type questions

1. Explain the relationship between Total Utility and Marginal utility.
2. Why the law of diminishing marginal utility holds good.
3. What do you mean by utility?
4. How can utility be measured?
5. What are the problems of measuring utility with money?
6. Explain the consumer's equilibrium under the law of equi-marginal utility.

Objective type questions

Note: MCQ type questions for this chapter are given in a separate sheet.

D. The Household

Short Essay type Questions:

1. Briefly discuss the role of the household in the economic sphere of life .
2. What is the budget line? Why is the budget line called the price line?
3. What is the preference schedule of a household?
4. How does a consumer reach an equilibrium consumption bundle with the help of his budget line and preferences schedule?
5. How does the equilibrium level of consumption change as the price and income change?
6. Derive the Marshallian and compensated demand curve from consumer's equilibrium analysis.
7. Discuss the trade off between supply and saving decision.
8. How does a consumer choose the optimal combination of leisure and consumption?

Short Answer type questions

1. What do you mean by indifference map?
2. What are the main features of the indifference curve?
3. What do you mean by convexity of an indifference curve
4. What are the conditions for selecting an optimal consumption bundle?
5. Write a short note on price consumption curve, income consumption curve and Engle curve.
6. What is a compensated demand curve? Distinguish it from the Marshallian demand curve.
7. Distinguish between Hicks and Slutsky effect.

Objective Type questions

1. What is the normal shape of a consumer's preference schedule?
2. Define marginal rate of substitution,
3. What will happen to the indifference curve if the $MRS_{xy} = 0, 1$,
4. What will be the shape of the indifference curve if the MRS_{xy} is positive?
5. What will be the equilibrium position of the consumer for a positively MRS_{xy}
6. Define price effect?
7. What is the income effect?
8. What is the substitution effect?
- 9.

E. The Firm and Perfect Market Structure:

Short Essay type Questions:

1. Discuss the features of the perfect market structure.
2. How does a firm, operating under perfect market conditions, reach equilibrium in the short run.
3. Discuss the necessary and sufficient conditions for equilibrium of a profit maximizing firm.
4. Derive the supply curve of the individual firm and hence supply curve of the market as a whole .

5. How does a firm in the long run achieve equilibrium under Perfect market conditions?
6. Explain reasonably why a firm under perfect market structure can enjoy only normal profit in the long run.

Short Answer type questions

1. Write a short note on total cost, fixed cost, variable cost, average cost, and marginal cost.
2. Write a short note on total revenue, average revenue, marginal revenue,
3. Establish relationships among price, average revenue and marginal revenue.
4. Prove that the price elasticity of a commodity is greater than one if the total expenditure on that product increases due to a fall in the price and vice versa.
5. Prove that the price elasticity of a commodity is less than one if the total expenditure on that product decreases due to a fall in the price.
6. Prove that the price elasticity of a commodity is equal to one if the total expenditure on that product remains unchanged due to a fall or rise in the price.

F. Imperfect Competition

Short Essay type Questions:(8 marks)

1. Discuss the features of the monopoly market.
2. How does a profit maximizing monopolist arrive at its price output decision?
3. Prove that a monopolist can not set his price at a point on his demand curve where price elasticity of demand is less than one.
4. What do you mean by price discrimination? Under what conditions is price discrimination possible?
5. Discuss the equilibrium of a discriminating monopolist.
6. What do you mean by monopoly power and its cause of concentration?
7. How is the government policy designed to treat monopoly?
8. Discuss the features of monopolistic competition.
9. What do you mean by oligopoly market?
10. What are the prime features of the duopoly market?
11. Analyze the features of Bilateral monopoly.
12. What do you mean by monopsony market?
13. Discuss the process of arriving equilibrium under the duopoly market conditions according to Stackleburg.
14. How the Cournot solution dictates the equilibrium of two rival firms in a duopoly market.
15. Discuss with suitable examples the Sweezy model of the duopoly market.

Short Answer type questions (4 Marks)

1. Prove that the slope of the MR curve is twice of the slope of the AR curve.
2. If a monopolist can always earn supernormal profit?
3. What do you mean by reaction curve?
4. What is the kinked demand curve?

5. What are the advantages and disadvantages of a curtail?

Objective Type Questions (2 Marks)

1. Define monopoly market.
2. How monopoly power may be measured?
3. What do you mean by product differentiation ?
4. What do you mean by selling cost?

G. Input Market

Short Essay type Questions:(8 marks)

1. Discuss Ricardian theory of rent with suitable diagrams.
2. Discuss briefly the Marshallian concept of rent.
3. Discuss graphically the modern theory of rent.
4. How labour price (wage) is determined under the perfect combination of the market.
5. Discuss logically that there are some elements of rent in the income of all the inputs.
6. Discuss the salient features of government policy regarding labour market.

Short Answer type questions (4 Marks)

1. What do mean by derived demand?
2. What do you mean by scarcity rent?
3. Rent is the surplus of land — discuss.
4. What you mean by supply price
5. Establish relationships among MPP, MRP and VMP.
6. Derive the labour demand curve.
7. Why does the labour demand curve shifts right or left ward?

Objective Type Questions (2 Marks)

1. Why do people demand for labour?
2. What is derived demand?
3. What is real wage?
4. What is MPP ?
5. What is MRP ?
6. What is VMP?