

CCT Questions for Economics

Class XI

Read the following hypothetical case study carefully and answers the question on the basis of same.

Demand refers to various quantities of a commodity that all the buyers are willing to buy at given prices during a given period of time. Not only own price of a commodity but also many other factors also affect the demand of a commodity. Such as price of the related goods-there are two types of related goods 1. Substitute goods 2. Complementary goods. In these cases, change in the price of one good also affects the demand of related good. Income of the consumers- on the basis of income, there are two types of goods-normal good and inferior goods. Economists say that there are no inferior or normal goods. It depends on the income level of the consumer. One good may be inferior for one person but the same good may be normal for another person. Normal goods are those goods whose demand increases with an increase in the income of consumer and vice –versa. Reverse happens in case of inferior goods. Taste and preference of the consumer, size of the population and government policy also affect the demand of a commodity which is known as determinants of demand.

1. If the price of good X rises then the demand of Y good also rises, then both goods are_____ (Complementary/Substitute). (Choose the correct option)
2. Demand for inferior good rises due to _____(Fall/Rise) in the income of the consumer. (Choose the correct option)
3. Which are not the determinants of Demand of a commodity?
 - a. Price of related goods
 - a. Income of the consumer
 - b. Nature of a commodity
 - c. Taste and fashion
4. There is _____ (direct/Inverse) relationship between price of a commodity and its demand. (Choose the correct option)

Answers

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1. Substitute goods
 2. fall
 3. Nature of the commodity
 4. Inverse