**Roll No.: Name:**

**Department:**

**DEPARTMENT OF ECONOMICS**

**EC 101 D3: Quiz 1**

**Date: August 20th, 2025 Duration: 30 minutes**

**Max. Marks: 30 Weightage: 15%**

**Note:**

* **Each question carries 1 mark. There is negative marking! For every wrong answer, 0.5 marks will be deducted.**
* **In the last page of the question paper, there is a blank table: you have to put the best option against the corresponding question number in that table. Options written anywhere else outside the table will not be considered.**
* **If you write more than one alternative, it will be considered as a wrong answer.**

1. When there is a change in Quantity Demanded owing to a change in the own Price of the product, it is captured by

a) Shift of the demand curve (b) Movement along the demand curve **Correct**

c) May be both (a) and (b)

1. Goods consumers regard as luxuries tend to be
2. income elastic **Correct** (b) income inelastic (c) Neither of the two
3. When the price was 10 rupees, the quantity demanded was 150 units. The quantity demanded rose to 200 units when the price fell to 5 rupees. In this case, the elasticity of demand calculated by the mid-point formula is given by

a) -.518 (b) -.418 (c) -.428 **Correct**

1. Suppose a market is characterized by

* Many sellers
* Slightly differentiated products
* Each seller may set price for its own product

This market structure is called

1. Oligopoly (b) Monopoly (c) Monopolistic Competition **Correct**
2. If all the consumers expect the price of the product to rise in the future, then it will result
3. in an rightward movement along the current demand curve
4. in an leftward shift of the current demand curve
5. in an rightward shift of the current demand curve **Correct**
6. “Supply is less elastic in the long run”. This statement is
7. True (b) False **Correct** (c) Indeterminate
8. Suppose two goods X and Y are complements. Then, a rise in the price of Y would result
9. in an rightward movement along the current demand curve of X
10. in an leftward shift of the current demand curve of X **Correct**
11. in an rightward shift of the current demand curve of X
12. When the Quantity demanded does not respond strongly to price changes, this case is termed as
13. Perfectly elastic (b) Inelastic **Correct** (c) Neither of the two
14. Suppose a market is characterized by

* Few sellers
* Not always aggressive competition

This market structure is called

1. Monopoly
2. Monopolistic Competition
3. Oligopoly **Correct**
4. If there are a large number of close substitutes available, then the absolute value of price elasticity of demand is
5. High **Correct** (b) Low (c) Neither of the above
6. The *production possibilities frontier* (ppf) is a graph that shows the combinations of output that the economy can possibly produce given the available factors of production. What does the shape of the ppf depend on?
7. The costs required to hire factors of production
8. The available production technology. **Correct**
9. Both
10. The *law of supply* states that, other things equal, the quantity supplied of a good falls when the price of the good rises. This statement is

a) True (b) False **Correct** (c) Not enough information is provided to comment

1. If the supply is inelastic and demand is elastic, then the majority of the tax burden will be borne by the
2. Sellers **Correct** (b) Buyers (c) Indeterminate
3. *Normative statements* are statements that attempt to describe the world as it is.
4. True (b) False **Correct** (c) Uncertain
5. When there is a decrease in demand and an increase in supply, the effect on the price (P) and quantity (Q) is the following
6. P is down, Q is down (b) P is down, Q is ambiguous **Correct** (c) P is up, Q is ambiguous
7. The study of *Microeconomics* focuses on the individual parts of the economy.
8. True **Correct** (b) False (c) Uncertain
9. If there is an improvement in the available production technology, then the supply curve will
10. Remain unchanged (b) Shift leftwards (c) Shift rightwards **Correct**
11. With an elastic demand curve, a rise in price will have the following effect on Total Revenue:
12. Total Revenue will remain the same
13. Total Revenue will increase
14. Total Revenue will decrease **Correct**
15. For inferior goods, the sign of Income elasticity is
16. Not determinate
17. Positive
18. Negative Correct
19. For complements, the sign of Cross price elasticity of demand is
20. Not determinate
21. Positive
22. Negative Correct
23. If the supply curve is vertical, this would imply that the price elasticity of supply is
24. Zero Correct
25. One
26. Infinity
27. “Society gets the most that it can from its scarce resources”: this is directly related to the concept of
28. Equity
29. Efficiency Correct
30. Market Power
31. When price is greater than equilibrium price, this corresponds to a situation of
32. Shortage
33. Surplus Correct
34. Neither of the above
35. “The rate of growth of Country X in this financial year has fallen by Y%”. This is an example of a
36. Positive statement Correct
37. Normative Statement
38. None of the above
39. When there is an increase in demand and an increase in supply, the effect on the price (P) and quantity (Q) is the following
40. P is down, Q is down (b) P is down, Q is ambiguous (c) P is ambiguous, Q is up Correct
41. When the sellers expect price to rise in the future, this will lead to a
42. Downward movement along the supply curve
43. Rightward shift of the supply curve
44. Leftward shift of the supply curve Correct
45. When the market fails to allocate resources efficiently, this leads to a problem of
46. Market Failure Correct
47. Externality
48. Improper Property Rights
49. A model of the USA economy that shows how dollars flow through markets among households and firms will be termed as
50. Production Possibility Frontier
51. Circular Flow Diagram Correct
52. Demand Schedule
53. Labor and Capital are owned by
54. Firms
55. Households Correct
56. Neither of the above
57. When a fall in the price of one good increases the demand for another good, the two goods are called
58. Complements Correct
59. Substitutes
60. They can be both of them

**TABLE TO PUT IN ANSWERS:**

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| --- | --- | --- | --- |
| **Question number** | **Option Chosen** | **Question number** | **Option Chosen** |
| **1** |  | **16** |  |
| **2** |  | **17** |  |
| **3** |  | **18** |  |
| **4** |  | **19** |  |
| **5** |  | **20** |  |
| **6** |  | **21** |  |
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| **12** |  | **27** |  |
| **13** |  | **28** |  |
| **14** |  | **29** |  |
| **15** |  | **30** |  |