Economics questions of 1st semester

1. Draw PPC. Why it should be concave to the origin. Relate your answer with the concept of Opportunity cost.
2. Show the following situations in your PPC:-
   a. Full and efficient utilisation of resources.
   b. Attainable and unattainable combinations of output.
   c. Growth of resources in an economy.
   d. Growth of technology.
3. Define the law of demand with It’s assumptions.
4. Draw demand schedule and it’s diagram. Explain the difference between change in demand and shift in demand.
5. Market demand curve is a horizontal summation of individual demand curve, explain diagrammatically using a set of imaginary demand schedule.
6. In a free market economy, situations of excess demand or excess supply tends to be corrected on their own though price mechanism. Explain how it happens using a suitable diagram.
7. Show shift in demand curve and market equilibrium in the following conditions:-
   a. Demand of a normal good.
   b. Demand of an inferior good.
   c. Demand in case of substitute and complementary good.
8. Draw a diagram and explain how a floor price affects demand-supply status in the market. Does it call for further government intervention. Explain with an example.
9. What do you mean by price ceiling and rationing. Discuss the effect of these. Explain with suitable example.
10. How the concept of consumer surplus and producer surplus relevant in the concept of allocative efficiency. Also explain dead weight loss in the economy.
11. What is the elasticity of demand? How it can be measured? Explain various factors affecting elasticity of demand.
12. Define price elasticity. Explain it’s various methods.
13. Show extreme situations of price elasticity of demand.
14. Define rectangular hyperbola demand curve with a suitable diagram.
15. What is the difference between price elasticity of demand curve and slope of demand curve.
16. Show different elasticities on a linear demand curve.
17. The quantity demanded of a commodity at Rs. 8 per unit is 500 units, if price falls to Rs 6 as a result it’s quantity demanded rises to 600 units. Calculate the price elasticity of demand.
18. Explain the law of diminishing marginal utility. Draw a demand curve with the help of DMU.
19. Differentiate between total utility and marginal utility. what is the significance of TU and MU.

20. What do you mean by income and substitution effect. Show income and substitution effect on a wage change in a labour supply curve.
21. What are the assumptions and properties of indifference curve.
22. Explain consumer equilibrium with it's necessary conditions.
23. What is the effect of change in commodity price on consumer equilibrium.
24. What is the effect of change in consumer's income on consumer's equilibrium.
25. Draw a demand curve with the help of consumer equilibrium.
26. Draw an Engel curve for the normal and inferior commodity with the help of consumer's equilibrium.
27. Show PCC for normal inferior and Giffen commodity.
28. Show ICC for normal and inferior commodity.
29. Define and draw different shapes of indifference curve. What are their implications explain.
30. Show decomposition of price effect into substitution effect and income effect for the normal, inferior and giffen commodity by the compensating variation and equivalent variation method.
31. What is the difference between law of variable proportion and returns to scale. Explain all the three conditions of law of variable proportion.
32. What are the three stages of production , discuss it's significance.
33. What do you mean by internal and external economies of scale.
34. Find least cost technology of isoquants and isocost line.
35. Establish the cost minimising equilibrium conditions.
36. Why is short run costs curve U-shaped?
37. Discuss various short run costs curve.
38. Long run average costs curve are envelope curves, explain.
39. Calculate TC, AVC ,ATC ,MC if TFC = 300, for the given table:-

Output-	0	1	2	3	4	5	6	7	8	9	10
TVC -	0	100	150	210	290	400	540	720	950	1240	1600

40. Define total revenue and marginal revenue.
41. Consider a market in which demand and supply function are given by the following schedule :

    QD= 300-20p

    QS= 20p-100

    a. Calculate equilibrium price and quantity.
    b. A price ceiling of Rs. 5 is imposed, how does it effect the quantity demanded and supplied.
42. What do you mean by perfect competition? Describe it's assumptions / characteristics.
43. Explain price determination under perfect competition.
44. Establish short run equilibrium of the firm under perfect competition.
45. Write a short note on shut-down point and pareto efficiency.

46. Determine long-run equilibrium of the firm under perfect competition. Also explain the effect of entry and exit of the firm in a long run equilibrium.

47. Discuss supply curve of a firm under perfect competition. Discuss supply curve of industry in perfect competition.

48. Explain how market efficiency is an exclusive feature of perfect competition.

49. Explain the concept of griffin goods. How are these goods different from the inferior goods.