

Time Allowed: 45 mins.

Maximum Marks: 20

Q-1 The demand for normal good _____ with increase in income of the consumer.

- A) Increases B) Decreases C) Remain same D) Either increases or Decrease

Q-2 There will be a _____ in the demand curve of cars with an increase in the price of Petrol.

- A) Rightward shift B) Upward movement C) Leftward movement D) Downward movement

Q-3 If more is demanded at the same price or same quantity at a higher price, this fact of demand is known as

- A) Extension of demand B) Increase in Demand C) Contraction of demand D) Decrease in demand

Q-4 Market demand curve is obtained by _____ summation of the individual demand curves.

- A) Vertical B) Horizontal C) Both a) and b) D) Neither a or b

Q-5 An increase in real income of a consumer induces him to buy more of a commodity whose price has fallen. This is known as

- A) Inducement effect B) Substitution effect C) Income effect D) Utility effect

Q-6 The demand function of a product X is given as $D_x = 12 - 2P_x$, where P_x stands for the price. If there are 5000 customers for the product, then market demand for the product at market price of rs. 3 will be:

Q-7 Differentiate between Normal, Inferior and Giffen goods with some examples. (3)

Q-8 Distinguish between expansion in demand and increase in demand. (3)

Q-9 Explain the effect of a rise in prices of related goods on the demand for a good X. (3)

Q-10 Explain the causes of law of demand. (3)

Q-11 What are the causes for rightward shift in demand curve. (2)