

**Class XII**  
**ECONOMICS ASSIGNMENT**  
**MICROECONOMICS**

**Unit I**

1. State two features of resources that give rise to an economic problem.
2. What is the opportunity cost of an input which has no alternative use?
3. Calculate the MOC of commodity X for the given combination and discuss the shape of PPF on the basis of it.

Commodity X	0	1	2	3	4	5
Commodity Y	100	95	85	70	50	25

4. Discuss how the following will affect PPC of a country
  - i. 'Beti bachao beti padao abhiyan' of GOI.
  - ii. 'Make in India' scheme launched by GOI.
  - iii. Swach bharat abhiyan.
  - iv. Demonetization of Rs. 500 & Rs. 1000 notes.
  - v. Employment generation scheme in a high level of unemployment in a country.
  - vi. Fall in demand of country's exports
  - vii. Jan Dhan Yojna.
  - viii. An earthquake which causes widespread destruction.
  - ix. Brain drain from a country.
  - x. Outflow of foreign capital.
5. An economy always produces on PPC .Defend or refutes the statement.
6. Explain the concept of Marginal rate of the transformation.
7. Can two PPC's intersect each other? When?
8. Explain the central problem of choice of product.

**Unit II**

1. What is meant by point of satiety?
2. Can Marginal utility increase?
3. What is meant by
  - a. Cardinal measurement of utility.
  - b. Ordinal measurement of utility.
4. What is price line?
5. What does the slope of budget line show?
6. How will the demand of a commodity be affected if MU of rupee decreases? Explain.
7. Two parallel straight line downward sloping demand curve will have same elasticity of demand at a given price. Defend or refute the statement.
8. No good is inferior good for all the consumers and at all times. Explain the statement.
9. Derive the law of demand from a single commodity equilibrium condition "MU=price".

10. When will a consumer demand more at the same price?
11. Explain the concept of MRS with the help of a schedule and diagram.
12. Why is it that an IC does not touch X axis or Y axis?
13. How is the demand for a good affected by a rise in price of other goods?
14. Why are the following downwards sloping
  - a. Budget Line
  - b. Demand Curve
  - c. Indifference Curve
15. Price elasticity of demand of two goods X and Y is (-)3 and (-)4 respectively. Which of the two goods has higher price elasticity and why?

### Unit III

1. 'When a firm's  $TR=TC$ , the firm earns normal profit. Explain the statement.
2. Explain the input-output relationship when changes are made in one variable input keeping the other inputs constants.
3. Explain the law of diminishing marginal returns.
4. Why is it that the minimum point of average total cost is at a higher level of output than the minimum point of AVC?
5. Giving reasons state whether the following statements are true or false:
  - a) AP will increase only when MP increases.
  - b) Under diminishing returns to a factor both TP and MP falls.
  - c) The difference between TC and TFC increase with increase with output.
  - d) The difference between AC and AVC remains constant.
  - e) AC rises when MC rises.
  - f) When MP is zero, AP will be constant.
  - g) Supply of commodity increases with increase in the price of input.
  - h) TP falls when MP falls.
  - i) TC and TVC are parallel to each other
  - j) When MR is falling,  $MR > AR$ .
6. Explain how the following changes affect supply of a commodity.
  - i. Advancements of Technology.
  - ii. Granting of subsidy.
  - iii. Increase in price of commodity.
  - iv. Increase in price-of related good.
7. If two supply curves intersect which one will have higher price elasticity at the point of intersection.
8. Explain the relationship between elasticity of supply and time period.
9. Distinguish between explicit cost and implicit cost.
10. Why is TVC curve inverse 'S' shaped?
11. Bring out the differences between 'extension of supply' and 'increase in supply'.
12. What change will take place in total revenue when (i) MR is positive and constant (ii)MR is falling?

13. Show that the rising portion of the MC curve, which is above minimum AVC, is the supply curve of a competitive firm.
14. What is the behavior of AFC as output is increased? Why is it so?
15. An individual is both the owner and the manager of mall taken on rent. He invests his own savings in the business. Identify implicit and explicit cost. Also give reasons.

#### Unit IV

1. In which market form, the demand curve of a firm is perfectly elastic?
2. What is meant by 'close substitute of a product'?
3. Distinguish between the demand curves faced by a firm under monopoly, monopolistic competition and perfect competition.
4. Under monopolistic competition and perfect competition, Why do firms earn normal profit in the long run?
5. What is meant by price discrimination? What is the basis of price discrimination?
6. Why is a firm, under perfect competition a price taker.
7. Market demand curve is a constraint faced by monopolist Explain.
8. What is the implication of the feature 'perfect knowledge of product & input market' under perfect competition?
9. Why do prices tend to be rigid under oligopoly?
10. Distinguish between collusive and non-collusive oligopoly.
11. Giving reasons state whether the following statements are true or false.
  - (i) A monopolist can sell any quantity he likes at a price.
  - (ii) When equilibrium price of a good is less than its market price, there will be competition among sellers.
12. What are the effects of 'price floor' on the market of a good? Use Diagram.
13. Market for a good is in equilibrium. There is simultaneous decrease in both demand and supply but no change in market price. Explain how?
14. Market for a good is in equilibrium. The price of input used for production of the commodity increase. How will this affect the equilibrium price and quantity of the product?
15. The Supreme Court of India banned smoking at public places. How is it likely to affect average price of cigarettes & quantity sold?