International Indian School Jeddah

Assignment based on Unit-1&2 of Micro Economics

UNIT-1- INTRODUCTION TO MICRO ECONOMICS (4 MARKS)

1. Explain the problem of what, how and for whom to produce (Central problems of an economy).

2. What is an economic problem and why does it arise?

3. Distinguish between microeconomics and macroeconomics.

4. Distinguish between a centrally planned economy and a market economy.

5. Distinguish between positive economics and normative economics.

6. Define and draw a Production Possibility Curve with a hypothetical schedule.

7. Why is a PPC concave to the origin and downward sloping from left to right?

8. Draw a PPC and the problem of (a) full utilization of resources (b) underutilization of resources and (c)Growth of resources.

UNIT 2: CONSUMER BEHAVIOUR AND DEMAND (18 MARKS)

Q1. Explain the consumer’s equilibrium analysis with ordinal utility analysis or indifference curve analysis.

Q2. Explain consumer’s equilibrium in case of a single commodity, with the help of a utility schedule.

Q3. Explain Law of demand with demand schedule and demand curve.

 Q4. What are the reasons for the downward sloping demand curve?

Or

 Reasons for the operation of law of demand?

Q5. State law of diminishing marginal utility with table and diagram.

Q6. What do you understand by price elasticity of demand? What are the degrees or kinds of elasticity?

Q7. Explain the factors influencing price elasticity of demand.

Q8. Explain the expenditure method of measuring price elasticity of demand of a commodity.

Q9.How is elasticity of demand measure with the help of the point method?

Make a straight line demand curve and measure elasticity on different points of a demand curve.

Q10. Distinguish between Movement along the demand curve and shift in demand curve.

Or

Distinguish between change in quantity demanded and change in demand.

Q11. Distinguish between expansion and increase in demand or downward movement on the demand curve and rightward shift in demand curve.

Q12. Distinguish between contraction and decrease in demand or upward movement on demand curve and leftward shift in demand curve.

Q13. What is an indifference curve? Explain it with a table and curve and what are the properties of indifference curve?

Q14. Explain marginal rate of substitution with a table and diagram.