**QUESTION BANK**

**FORMS OF MARKET AND PRICE DETERMINATION**

**VERY SHORT ANSWER QUESTIONS (1 MARK)**

Q1. Define market.

cktkj dh ifjHkk’kk nsa A

Ans. Market refers to a system in which buyers and sellers come in close contact of each other for sale and purchase of goods.

cktkj ,d ,slh O;oLFkk gS ftlesa dzsrkvksa rFkk fodzrkvksa esa oLrqvksa dh [kjhn rFkk fczdh ds fy, vkilh lEcU/k ik;k tkrk gS A

Q2.Give two features of Perfect competition.

iw.kZ izfr;ksxh cktkj dh nks fo'ks’krk,a nsa A

Ans. (a) Large number of buyers and sellers.

Dzsrkvksa rFkk fodzsrkvksa dh vf/kd la[;k A

(b) Homogenous goods.

le:i oLrq A

Q3. Give two features of Monopoly.

,dkf/kdkj dh nks fo'ks’krk,a nsa A

Ans. (a) Single seller.

,dy fodzsrk

(b) Entry is restricted by law.

izos'k ij izfrcU/k

Q4. Give two features of Monopolistic competition.

,dkf/kdkjh izfr;ksxh cktkj dh nks fo'ks’krk,sa nsa A

Ans. (a) Product differentiation

oLrq foHksn

(b) Selling cost are very high.

vf/kd fodz; ykxrsa A

Q5. Under which market form a firm is a price taker?

fdl cktkj esa QeZ dher Lohdkjd gksrh gS A

Ans. Perfect Competition

iw.kZ izfr;ksxh cktkj A

Q6. What are selling cost?

fodz; ykxrksa ls D;k rkRi;Z gS A

Ans. Cost incurred by a firm for the promotion of sale is known as selling cost. For example, advertisement

costs.

fdlh oLrq dh fcdzh dks c<kus ds fy, fd, x, [kpZ dksa fcdz; ykxr dgrs gSa A tSls foKkiu ij fd;k x;k [kpZ A

Q7. What do you mean by time element?

le; rRo ls D;k rkRi;Z gS A

Ans. Time element means three different time period as Market Period, Short Period & Long Period.

le; rRo ls D;k rkRi;Z fofHkUu le; vof/k;ksa ls gS tSls vYidky vfr vYidky nh?kZ dky A

Q8. What are advertisement costs?

foKkiu ykxr ls D;k rkRi;Z gS A

Ans. The expenditure incurred by a firm for the promotion of its sales such as expenditure on publicity.

fdlh QeZ }kjk fcdzh dks c<+kus ds fy, foKkiuksa ij fd;k x;k O;; foKkiu ykxr dgykrk gS A

Q9. Why AR=MR under perfect competition?

iw.kZ izfr;ksxh cktkj esa vkSlr vk; lhekar vk; ds cjkcj D;ksa gksrh gS A

Ans. AR=MR because price is constant.

iw.kZ izfr;ksxh cktkj esa vkSlr vk; lhekar vk; ds cjkcj gS D;ksafd dher leku jgrh gS A

Q10. What do you mean by abnormal profit?

vlekU; ykHk ls D;k rkRi;Z gS A

Ans. When a firms total revenue is greater than total cost.

tc ,d QeZ dh dqy laizkfIr mldh dqy ykxr ls vf/kd gksrh gS rks QeZ vlekU; ykHk vftZr dj jgh gksrh gS A

Q11. How many firms are there in monopoly?

,dkf/kdkj esa fdruh QeZ gksrh gS A

Ans. There is a single firm in the monopoly.

,dkf/kdkj esa dsoy ,d QeZ gksrh gS A

Q12. What is price discrimination?

dher foHksn ls D;k rkRi;Z gS A

Ans. It refers to charging different prices for the same product from different consumers.

,slh fLFkfr ftlesa ,d QeZ fofHkUu dszrkvksa ls ,d gh oLrq dh fofHkUu dhersa olwy djrh gS A

Q13. What is product differentiation?

oLrq foHksn D;k gS A

Ans. It means to show difference in their output producers presents their products with slight difference in size, packing. Colours etc.

tc mRiknd viuh oLrq dks nwljs mRiknd dh oLrq ls fdlh izdkj ls fHkUu djus ds fy, mldh xq.k ;k ek=k esa FkksM+k lk ifjoZru djrk gS rks bls oLrq foHksn dgrs gS tSls ek=k ]iSfdax ;k jax vkfn esa ifjorZu A

Q14. What is oligopoly?

vYikf?kdkj ls D;k rkRi;Z gS k

Ans. A market structure in which there are few sellers of the commodities.

,slh cktkj O;oLFkk ftlesa ,d oLrq ds dqN fodzsrk gksrsa gS k

Q15. What is cartel?

dkVZy ls D;k rkRi;Z gS k

Ans. It refers to negotiation of the firm with others in respect of their output and pricing policy but keeping their individual identity.

mRikndksa }kjk dher rFkk mRikn lEcU?kh uhfr ftlesa ml mRikn dh igpku cuh jgs ,sls lewg dks dkVZy dgrsa gSa k

Q16. What is patent life?

isVSaV vof?k D;k gksrh gS k

Ans. Patent life is the duration or time period for which a firm is given a patent right.

og vof?k ftlds fy;s isVSaV fn;k x;k gS ml vof?k dks isVSaV vof?k dgrs gSa k

Q17. What is Duopoly?

}Snkf?kdkj ls D;k rkRi;Z gS k

Ans. If there are two sellers selling the same commodities in the market, it is called Duopoly.

nSokf?kdkj esa ,d gh oLrq dh fcdzh ds fy;s nks fodzsrk gksrsa gSa k

Q18. In which market form is there product differentiation?

oLrq foHksn fdl cktkj dh fo”ks’krk gS k

Ans. Product differentiation is a distinguished feature of monopolistic market.

oLrq foHksn ,dkf?kdkj cktkj dh fo”ks’krk gS k

Q19. What is the profit maximization condition for a monopoly firm?

,dkf?kdkj cktkj esa ykHk vf?kdrehdj.k dh “krZ gksrh gS k

Ans. The profit maximization condition for a monopoly firm is that MR=MC and MC is rising.

bl cktkj esa ykHk vf?kdrehdj.k ds fy;s vko”;d “krZ ;gh gS fd lhekUr ykxr lhekUr lEizkfIr ds leku gksuh pkfg;s k

Q20. What is break even point?

Dher foPNsn fcUnq D;k gS k

Ans. The price, at which marginal cost is equal to average cost, is known as break even point.

og dher Lrj ftl ij lhekUr ykxr vkSlr vk; ds leku gksrh gS] og dher foPNsb dgykrk gS k

Q21. What is the meaning of equilibrium price?

lUrqyu dher Lrj fdls dgrs gSa k

Ans. Equilibrium price refers to the price where market demand and market supply of a commodity are equal to each other.

lUrqyu dher Lrj ij cktkj eakx cktkj iwfrZ ds leku gksrh gS k

Q22.Give the meaning of excess demand for a product.

,d oLrq ds lEcU?k esa vf?skD; ekax dh O;k[;k djsa k

Ans.Excess demand is a situation where market demand of a commodity at a given price exceeds the market supply.

vf?kdre ekax dh fLFkfr esa cktkj eakx cktkj iwfrZ ls lUrqyu dher Lrj ij vf?kd gksrh gS k

Q 23. Who determine price under perfect competition?

iw.kZ izfr;ksfxrk esa dher fu?kkZj.k dSls gksrh gS k

Ans. Prices are determined by the forces of market demand & supply.

iw.kZ izfr;ksfxrk cktkj esa cktkj ekax cktkj iwfrZ dh “kfDr;ksa ds }kjk dher dk fu?kkZj.k fd;k tkrk gS k

Q24 Explain market equilibrium.

Ckktkj lUrqyu dh O;k[;k djsa k

Ans. When market demand is equal to market supply it is called market equilibrium.

tc cktkj ekax cktkj iwfrZ ds leku gksrh gsS rks ,slh fLFkfr dks cktkj lUrqyu dgk tkrk gS k

Q25. How does an increase in input price affect the equilibrium quantity in the market?

Lk?ku dher esa o`f} ls cktkj lUrqyu ek=k ij D;k izHkko iM+rk gS k

Ans When price of any factor increases & other factors remaining same the supply decreases which shift the supply curve to the left. Consequently equilibrium quantity reduces in the market.

tc vU; rRo leku jgsa rks Lkk?ku dher dh o`f} dh fLFkfr esa iwfrZZ esa deh gksrh gS ftlds ifj.kkeLo:I lUrqyu ek=k esa deh vkrh gS k

**SHORT ANSWER QUESTIONS (3/4 MARKS)**

Q1. Distinguish between monopoly & perfect competition.

Iw.kZ izfr;ksfxrk rFkk ,dkf?kdkj esa D;k vUrj gksrk gS k

Ans. Both monopoly & perfect competition differ from each other in the following manner:-

1. Under perfect competition there are large number of sellers but in monopoly there is a single seller.
2. Under perfect competition goods are homogeneous or perfect substitutes of each other but in monopoly, firm produces the output which may be or may not be homogenous.
3. Under perfect competition there is free entry & exit of firms but in monopoly entry of new firms is restricted.
4. A perfectly competitive firm faces a perfectly elastic horizontal straight line demand curve but in monopoly demand curve is downward sloping to the right. It has less elastic demand.

,dkf?kdkj rFkk iw.kZizfr;ksxh cktkj esa fuEu fo”ks’krk,a gSa k

* + iw.kZ izfr;ksxh cktkj esa dzsrk o fodzsrkvksa dh vf?kd la[;k gksrh gS tcfd ,dkf?kdkj esa dsoy ,d fodzsrk gksrk gS k
  + iw.kZ izfr;ksxh cktkj esa oLrq le:i gksrh gS tcfd ,dkf?kdkj esa oLrq le:i gks Hkh ldrh gS ]ugha Hkh
  + iw.kZ izfr;ksxh cktkj esa QeksaZ dk izos”k LorU= gksrk gS tcfd ,dkf?kdkj esa QeksZ ds izos”k ij izfrcU?k gksrk gS k
  + iw.kZ izfr;ksxh cktkj esa odz iw.kZr%ykspnkj gksrk gS tcfd ,dkf?kdkj esa odz bZdkbZ ls de ykspnkj gksrk gS

Q2 Briefly discuss the main features of monopolistic competition.

,dkf?kdkfjd izfr;ksfxrk cktkj dh eq[; fo”ks’krk,a crk,a k

Ans. Following are the main characteristics of monopolistic competition:

* Large number of buyers & sellers: The number of buyers & sellers of a commodity is fairly large but less than the perfect competition.
* Product differentiation: Each producer tries to attract the consumers by showing his output different & better from others in colour, design, packing etc.All products are close substitutes of each others such as soaps, hair oil etc.
* Freedom of entry and exit: Any firms can enter or exit the industry.
* Selling cost: In this market selling cost plays more important role for the sales promotion.
* Lack of perfect knowledge: Sellers & buyers do not have perfect knowledge of market, which means they do not know the prices of the product available in the market.

,dkf?kdkfjd izfr;ksfxrk cktkj esa eq[; fo”ks’krk;sa fuEufyf[kr gSa %

* Dzsrkvkssa rFkk fodzsrkvksa dh vf?kd la[;k % bl cktkj esa fodzsrkvksa rFkk dzsrkvksa dh la[;k vf?kd gksrh gS ysfdu iw.kZ izfr;ksxh cktkj ftruh la[;k ugha gksrh k
* oLrq foHksn% izR;sd mRiknd miHkksDrkvksa dks vkdf’kZr djus ds fy;s vius mRikn dks vU; mRikndksa dh oLrq rqyuk esa dksbZ vUrj mRiUu djrk gS lHkh mRiknd fudVre LFkkukiUu cukrh gSa k
* QeksZa ds izos”k o fu’dklu dh LorU=rk %bl cktkj esa dksbZ Hkh QeZ izos”k dj ldrh gS rFkk dksbZ QeZ Hkh mRikn ls tk ldrh gS k
* fodz; ykxrsa% bl cktkj esa fodz; ykxrksa dh Hkwfedk vfr egRoiw.kZ gksrh gsSa
* iw.kZKku dk vHkko % bl cktkj O;oLFkk esa fodzsrk rFkk dszrk cktkj dh iw.kZ tkudkjh ugha j[krs gSa k

Q 3. What is price discrimination?

Dher foHksn D;k gS k

Ans Price discrimination means sale of the same output at different prices to different consumers at different places. Like electricity department charges high prices from shops & low prices from industries.

Tc ,d mRiknd viusa mRikn dh fofHkUu miHkksDrkvksa lss vyx vyx dher olwy djrk gS rks ,slh cktkj O;oLFkk dher foHksn dgykrh gS ktSls fctyh ds miHkksDrk O;olkf;d miHkksx ds fy;s vf?kd dher vnk djrsaa gSa tcfd /kjsyw miHkksx de dher ij izkkIr djrs gSa k

Q 4.What are the reasons which give emergence to the monopoly market?

,dkf?kdkj ds mRiUu gksus ds D;k dkj.k gSa k

Ans. There are certain reason which gives emergence to monopoly. Following are few reasons:-

* Patent Right: Patent right are the authority given by the Government to a particular firm to produce a particular product for a specific time period. It supports the monopoly structure.
* Cartel: Cartel refers to a collective decision taken by a group of firms to avoid outside competition and securing monopoly right.
* Government licencing: Government provides the licence to a particular firm to produce a particular commodity exclusively.

,dkf?kdkj mRiUu gksusds dqN dkj.k fuEufyf[kr gSa %

* isVSaV vf?kdkj % ftlesa ,d fo”ks’k vof?k ds fy;s ljdkj }kjk fo”ks’k vf?kdkj nadj fdlh QeZ dks ,dkf?kdkj izkIr gks tkrk gS k
* dkVZy% blds vUrxZr dqN QesZ feydj ,d lewg dk fuekZ.k dj ysrh gSa tks ,dkf?kdkjh tSlh O;oLFkk dk fuek.kZ dj ysrs gSa k
* ykbZlSal }kjk% blds vUrxZr ljdkj fdlh fo”ks’k QeZ dks ykbZlSal nsdj Hkh ,dkf?kdkj dk fuek.kZ dj ysrh gSa k

Q5. What are the three main features of Oligopoly?

vYikf/kdkj dh eq[; fo'ks’krk,a crk,a A

Ans. Three main features are:

* There are few dominant firms.
* Firms sell homogenous or differentiated products.
* Behaviour of each firm depends on the behaviour of others, i.e., mutual interdependence.

vYikf/kdkj dh eq[; fo'ks’krk,a bl izdkj gS %&

1. QeksZ dh de la[;k
2. le:i oLrq,a
3. ,d QeZ dk O;ogkj nwljh QeksZ ds mij fuHkZj djrk gS A

Q6. Why is the demand curve facing a monopolistic competition firm likely to be more elastic?

,dkf/kdkfjd izfr;ksxh cktkj dk ekax odz vf/kd ykspnkj D;ksa gksrk gS A

Ans. Under monopolistic market the demand curve for a firm is likely to be more elastic. The reasons behind this is that all the firms in the industry produce close substitute of each other. If close substitutes of any good is available in the market then elasticity of demand is very high because whenever there is hike in price the consumer will shift to its substitute. That is why a firm’s demand curve under monopolistic competition is more elastic.

,dkf/kdkjh izfr;ksxh cktkj esa ekax odz vf/kd ykspnkj gksrk gS D;ksafd lHkh QesZa fudVre LFkkukiu mRikn csprh gS ;fn fdlh oLrq dk fudV LFkkukiu miyC/k gksrk gS rc ml oLrq dh ekax dh yksp vf/kd ykspnkj gksrh gS A D;kafd tc Hkh dher esa o`f} gksxh miHkksDrk ml oLrq dks NksM+dj nwljh oLrq [kjhnuk vkajHk dj nsrs gS A blh dkj.k QeZ dk ekax odz vf/kd ykspnkj gksrk gS A

Q7. Explain briefly why a perfectly competitive firm is a price taker in the market.

iw.kZ izfr;ksxh cktkj esa QeZ dher Lohdkjd D;ksa gS A

Ans. The firm under perfect competition is a price taker not the price maker. The price is determined by the market forces of demand and supply. This price is known as equilibrium price. All the firms in the industry have to sell their output at this equilibrium price in the market. The reason for this is that (a) The number of firms under perfect competition is so large that no firm can influence the price by its supply and (b) all the firms produce homogenous products. So no firms can make any difference in price policy. Output decision lies in the hands of firms that is how much they want to sell at given price as it is clear from the following diagram:

iw.kZ izfr;ksxh cktkj esa QeZ dher fu/kkZjd ugha cfYd dher Lohdkjd gksrh gS dher dk fu/kkj.k ekax rFkk iwfrZ dh 'kfDr;ksa }kjk gksrk gS bl dher Lrj dks larqyu dher Lrj dgrs gS A cktkj esa mifLFkr lHkh QesZ vius mRikn dks m|ksx }kjk fu/kkZfjr dher Lrj ij csprh gS bl dk izeq[k dkj.k gS fd QeksZ dh la[;k vf/kd gksus ds dkj.k dksbZ QeZ dher dks izHkkfor ugh dj ldrh gS A lHkh QesZa le:i mRikn csprh gS bl izdkj dksbZ Hkh QeZ viuh dher uhfr esa ifjorZu ugh djrh dsoy mRikn fu.kZ; QeZ ds ikl gksrs gS ftlesa dksbZ QeZ fu/kkfjr dher ij fdruk mRikn fcdzh ds fy, mifLFkr djsxh A

Q8. What is meant by a product being perfectly homogenous? What is its implication for the price charged by producer in the market?

le:i mRikn ls D;k rkRi;Z gS A cktkj esa mRiknd }kjk dher fu/kkZj.k esa bldh Hkwfedk crk,a A

Ans. Under perfect competition all the firms in the industry produces homogenous or identical output. It means all the units of output are same in all respect like quality, size. Colour. Design etc. The products are perfect substitutes for each other. This leads to a uniform price policy in the market. No buyer is attracted by any other seller. If ever any firm tries even to charge higher price then it would lose all its buyers , because of homogenous products. If it tries to lower down its price then it would bear losses and it will have to leave the market as firme are getting only normal profits in the market. So a uniform price prevails in the market due to homogenous product.

iw.kZ izfr;ksxh cktkj esa lHkh m|ksx dh lHkh QesZ le:i oLrqvksa dk mRiknu djrh gS blls rkRi;Z gS fd m|ksx lHkh QesZ lHkh izdkj ls leku oLrqvksa dk mRiknu dj jgh gS muds }kjk mRikfnr oLrq,a iw.kZr;k LFkkukiu gS blh dkj.k leku dher uhfr dks Hkh viuk;k tkrk gS dksbZ Hkh dszrk fdlh mRiknd ds izfr vkd’kZ.k ugh j[krk D;ksafd lHkh mRiknd ,d leku oLrq,a csp jgsa gS ;fn dksbZ QeZ viuh oLrq dh dher c<+krh gS rks mls dszrkvksa esa deh dks >syuk iM+sxk vkSj mls cktkj ls tkuk iM+sxk A blh dkj.k le:i oLrqvksa ds fy, leku dher uhfr viukuh iM+rh gS A

Q9. What is the nature of demand curve of a perfectly competitive firm?

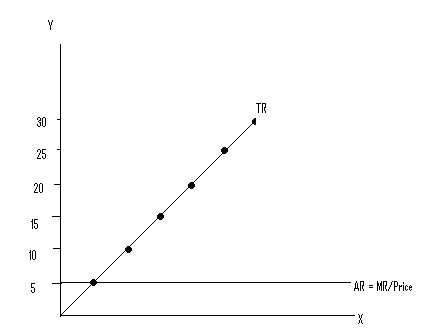
iw.kZ izfr;ksxh QeZ esa ekax odz dh izd`fr crk,a A

Ans. A perfectly competitive firm is a price taker. It has to sell its output at this given price. Thus demand curve facing the firm is perfectly elastic or demand curve of the firm is a horizontal straight line parallel to x-axis.

MR curve is also constant as price remains same as AR=MR under perfect competition. TR curve is an upward moving curve at a constant rate as it can be seen in the schedule and diagram:

iw.kZ izfr;ksxh QeZ dher Lohdkjd gksrh gS ftlesa fu/kkZfjr dher ij mRikn dk fodz; fd;k tkrk gS bl QeZ dk ekax odz iw.kZr;k % ykspnkj rFkk ,Dl vDl ds lkekarj gksrk gS A iw.kZ izfr;ksxh cktkj esa vkSlr vk; lhekar vk; ds leku gksrh gS D;ksafd dher leku jgrh gS A dqy vk; odz fLFkj nj ij mij dh c<+rk gqvk gksrk gS ftls fuEu rkfydk o fp= dh lgk;rk ls n'kZk;k x;k gS A

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Units | Prices (RS) | TR | AR | MR |
| 1 | 5 | 5 | 5 | 5 |
| 2 | 5 | 10 | 5 | 5 |
| 3 | 5 | 15 | 5 | 5 |
| 4 | 5 | 20 | 5 | 5 |
| 5 | 5 | 25 | 5 | 5 |
| 6 | 5 | 30 | 5 | 5 |



Q10.Explain’ free entry and free exit of firms’ feature of perfect competition.

iw.kZ izfr;ksxh cktkj esa QeksZa ds LorU= izos”k rFkk fu’dklu dh O;k[;k djsa k

Ans. A perfectively competitive firm can earn only normal profits and it cannot get any abnormal or extra profits in the long run. Because if firms are earning extra profits, i.e. TR>TC, then new firms will enter the market. This will increase the supply and supply curve will shift to right. Consequently price will fall and abnormal profit will disappear. On the other hand if firms are incurring losses, it means TR<TC, then these firms would leave the market and accordingly supply will decrease and supply curve will shift to left. This will increase price till the point of normal profits

nh/kZdky esa izfr;ksxh QeZ dsoy lkekU; ykHk izkIr djrh gS bl QeZ dks vlkekU; ykHk blfy, ugh feyrs D;ksfd tc dqy vk; dqy ykxr ls vf/kd gksrh gS rks ubZ QesZ cktkj esa vk tkrh gS ftlls iwfrZ c<+ tkrh gS ftlds QyLo:i dher de gks tkrh gS rFkk QeZ dks feyus okys vlkekU; ykHk lekIr gks tkrs gS blds foijhr fLFkfr esa ;fn QeZ ds dqy ykxr dqy vk; ls vf/kd gks rks dqN QesZ cktkj dks NksM+dj pyh tkrh gS ftlls iwfrZ odz f[kld dj ckbZa vksj vk tkrk gS ,slh fLFkfr esa iwfrZ ds de gksus ls dhers c<+rh gS ftlls QeZ dks gkfu ds LFkku ij lkekU; ykHk feyus vkjEHk gks tkrs gS A

Q11. Explain the process of price determination under perfect competition with the help of a schedule & a diagram.

iw.kZizzfr;ksxh cktkj esa dher fu?kkZj.k dh izfdz;k dh fp= o rkfydk dh lgk;rk ls O;k[;k djsa k

Ans. Equilibrium price is that price which is determined by market forces of demand and supply are equal to each other. Diagrammatically, it is determined at a point where demand curve and supply curve intersect each other.

Iw.kZ izfr;ksfxrk cktkj esa cktkj ekax cktkj iwfrZ dh “kfDr;ksa ds }kjk dher dk fu?kkZj.k fd;k tkrk gS k

lUrqyu dher Lrj ij cktkj eakx cktkj iwfrZ ds leku gksrh gS k

Q 12. What would be effect on equilibrium price when there is a change in both demand and supply? Q11. Explain the process of price determination under perfect competition with the help of a schedule & a diagram.

Ans. Equilibrium price is that price which is determined by market forces of demand and supply are equal to each other. Diagrammatically, it is determined at a point where demand curve and supply curve intersect each other

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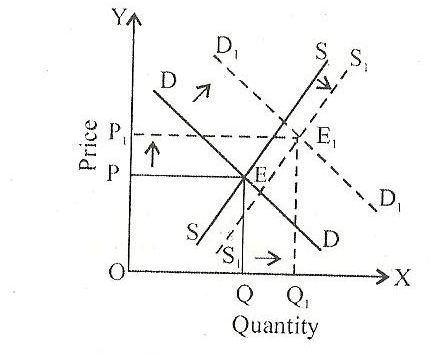
;fn ekax rFkk iwfrZ nksuksa esa ifjorZu gks rks larqyu dher ij D;k izHkko iM+sxk A

Ans. When there a change in both demand and supply, there can be two conditions:

(a). Simultaneous change (Increase or decrease) in demand and supply.

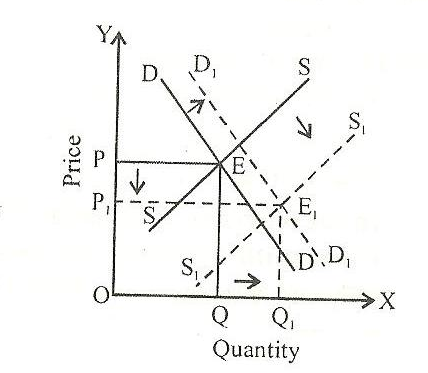
In the diagrams, When both demand and supply increase, They intersect at new equilibrium price , Say E1. Since the increase in demand is equal to increase in supply, equilibrium price remains unaffected. But the quantity will increase or decrease.

1. (A) When increase in demand is more than increase in supply.



In the above diagram, When increase in demand is more than increase in supply., price rises from OP to OP1 and Qt. rises from OQ to OQ1

(b) ( B) When increase in supply is more than increase in demand.



In the above diagram, when increase in supply is more than increase in demand, equilibrium price falls from OP to OP1 But Qt. rises from OQ to OQ1

tc ekax rFkk iefrZ nksuksa esa ifjorZu gksrk gS rks nks fLFkfr;ka mRiUu gksrh gS %&

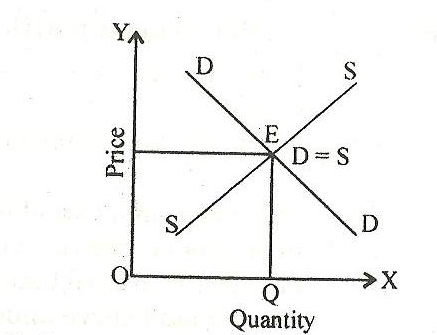
1. ekax rFkk iwfrZ esa leku ifjoZru & bl fLFkfr esa tc ekax rFkk iwfrZ leku vuqikr esa c<+rs gS rks dher leku jgrh gS tcfd ek=k esa o`f} gks tkrh gS tSlk fd mij fp= esa fn[kk;k x;k gS A
2. ekax esa vf/kd ifjoZru iwfrZ esa de ifjoZru %& ,slh fLFkfr esa ;fn ekax esa o`f} iwfrZ esa o`f} ls vf/kd gks rks dher c<+ tkrh gS tSlk fd mij fp= esa dher OP ls c<+dj OP1 gks tkrh gS A
3. ;fn iwfrZ esa ifjoZru ekax esa ifjoZru ls vf/kd gks %& ,slh fLFkfr esa ;fn iwfrZ esa o`f} ekax esa o`f} ls vf/kd gks rks dher esa deh vk tkrh gS A

Q 13. How is equilibrium price determined.

larqyu dher dk fu/kkZj.k fdl izdkj gksrk gS A

Ans. Equilbrium price refers to that price Which is determined by the force of demand and supply.The point where demand and supply are equal are called equilibrium point and the price at which the quantity demanded and supply are equal are called equilibrium price.

Determination of equilibrium price:



|  |  |  |
| --- | --- | --- |
| Price (Rs.) | Demand | Supply |
| 1 | 500 | 100 |
| 2 | 400 | 200 |
| 3 | 300 | 300 |
| 4 | 200 | 400 |
| 5 | 100 | 500 |

It is clear from the schedule and diagram that equilibrium price is determined at point where demand curve and supply curve intersect each other.In the diagram, It is point E.

larqyu dher dk fu/kkZj.k ekax rFkk iwfrZ dh 'kfDr;ksa }kjk gksrk gS ftl fcUnq ij oLrq dh ekax oLrq dh iwfrZ ds cjkcj gksrh gS ml fcanq ij dher dk fu/kkZj.k gksrk gS A mijksDr rkfydk o fp= dh lgk;rk ls n'kkZ;k x;k gS fd oLrq dh rhu :i;s dher ij oLrq dh ekax rFkk iwfrZ leku gS A

**Consumer Equilibrium and Demand**

Q1. Define total utility.

dqy mi;ksfxrk gks ifjHkkf’kr djsa A

Ans. It is the sum total of marginal utilities from the consumption of different units of commodity.

TUn= MU1+MU2+MU3+………..+MUn=∑ MU

,d oLrq dh fofHkUu bdkbZ;ksa dk miHkksx djus ls izkIr lhekar mi;ksfxrkvks dks tksM+dj dqy mi;ksfxrkvksa dh x.kuk dh tk ldrh gS Aa

Q2. Define Marginal utility.

lhekar mi;ksfxrk dks ifjHkkf’kr djsa A

Ans. Marginal utility is the utility derived from an additional unit of a commodity.

MUn = TUn-TUn-1

,d oLrq dh izR;sd vfrfjDr bdkbZ ls feyus okyh mi;ksfxrk lhekar mi;ksfxrk dgykrh gS A

Q3. How is marginal utility derived from total utility.

dqy mi;ksfxrk ls lhekar mi;ksfxrk dh x.kuk dSls dh tkrh gS A

Ans. MUn = TUn-TUn-1

Q4. State the law of diminishing marginal utility.

?kVrh lhekar ds fu;e dh mi;skfxrk dh O;k[;k djsa A

Ans. The law states that marginal utility derived from the consumption of a commodity declines as more units of that commodities are consumed.

bl fu;e ds vuqlkj ,d miHkksxrk }kjk miHkksx dh xbZ ,d oLrq dh izR;sd vfrfjDr bdkbZ ls feyus okyh mi;ksfxrk de gksrh tkrh gS A

Q5. What is the shape of marginal utility curve?

lhekar mi;ksfxrk odz dh izd`fr crk,a A

Ans. Marginal utility curve slopes downwards from left to right.

lhekar mi;ksfxrk odz mij ls uhps ck,a ls nk,a <yoka gksrk gS A

Q6. Define difference curve.

rVLFkrk odz dks ifjHkkf’kr djsa A

Ans. It is a curve showing different combinations of a set of 2-goods, each combination offering the same level of satisfaction to the consumer.

bl odz }kjk nks oLrqvksa ds fofHkUu leqgksa dks n'kkZ;k tkrk gS tks izR;sd lewg ,d tSlh larqf’V iznku djsrsa gSaSA

Q7. Define budget line.

ctV js[kk dks ifjHkkf’kr djsa A

Ans. It is a line showing different combinations of a set of 2-goods that the consumer can buy, given his income and prices of goods. It is also called price line, as it shows price ratio between Good-X and Good-Y.

;g ,d ,slh js[kk gS tks miHkksdrk }kjk izkIr fd, tkus okys nks oLrqvksa ds lewg dks izdV djrh gS A bls dher js[kk Hkh dgrs gS A

Q8. What is MRS?

lhekar izfrLFkkiu nj fdls dgrsa gSa A

Ans. MRS(Marginal Rate of Substitution) refers to the rate at which the consumer is willing to substitute Good-X for Good-Y.

lhekar izfrLFkkiu nj ls rkRi;Z ml nj ls gS ftlesa ,d miHkksdrk }kjk ,d oLrq ds fy, nwljh oLrq dk LFkkukiu fd;k tk ldrk gS A

Q9. What is consumer’s equilibrium?

miHkksdrk larqyu ls D;k rkRi;Z gS A

Ans. A consumer is in a state of equilibrium when he maximizes his satisfaction by spending his given income on different goods and services.

tc ,d miHkksdrk viuh vk; dks oLrqvksa rFkk lsokvksa ij bl izdkj [kpZ djrk gS fd mls vf/kdre larqf’V izkIr gksrh gS rks mls miHkksdrk larqyu dgrs gS A

Q10. State the condition of consumer’s equilibrium in case of single commodity.

,d oLrq ds lanHkZ esa miHkksdrk larqyu dh O;k[kk djsa A

Ans. Consumer attain equilibrium when:

MUx / Px =MU of Money [ MUx: Marginal utility of X and Px: Price of X]

tc miHkksdrk dks feyus okyh lhekar mi;ksfxrk rFkk dher dk vuqikr eqnzk dh lhekar mi;ksfxrk ds leku gksrk gS rks ;g miHkksdrk larqyu dh fLFkfr dgykrh gS A

Q11. Give the meaning of demand.

ekax dh ifjHkk’kk nks A

Ans. Demand refers to the desire to buy a commodity backed by willingness and ability to purchase that commodity, at a given point of time and at a given price.

ekax fdlh oLrq dh og ek=k gS tks ,d fuf'fpr dher Lrj ij ,d fuf'fpr le; vof/k ij miHkksdrk }kjk [kjhnh tkrh gS A

Q12. Name three determinants of demand for commodity other than its prices.

dher ds vfrfjDr ekax dks izHkkfor djus okys rhu rRo crk,a A

Ans. (a) Income of the consumers, (b) Price of related goods, (c) Tastes and preferences of the consumer.

miHkksdrk dh vk; ] vU; oLrqvksa dh dhers ,oa miHkksdrk dh :fp ,oa izkFkfedrk A

A13. What is demand curve?

ekax odz dks ifjHkkf’kr djsa A

Ans. It is a graphic presentation of the inverse relationship between price and quantity demanded of a commodity.

ekax odz dh ,d miHkksdrk ds }kjk [kjhnh xbZ ,d oLrq dh dher rFkk ek=k ds lEcU/k dks izdV djus okyk odz gS A

Q14. What is the Law of demand?

ekax ds fu;e dh ifjHkk’kk djsa A

Ans. Law of demand states that , other things remaining constant, more of a commodity is purchased in response to decrease in its price.

ekax ds fu;e ds vuqlkj ;fn vU; rRo lkekU; jgsa rks dher ds de gksus ij oLrq dh ekax c<rh gS rFkk dher c<+us ij ekax de gksrh gS A

Q15. Give an example of a pair of commodities that are substitutes of each other.

LFkkukiu dks mnkgj.k }kjk le>k,a A

Ans. Tea and Coffee.

pk; rFkk dWkQh A

Q16. Define normal goods.

lkekU; oLrq dh ifjHkk’kk nksa A

Ans. Normal good is a good whose demand increases with rise in income and decrease with fall in income of the consumers.

;fn miHkksdrk dh vk; ds c<+us ij oLrq dh ekax c<+rh gS rks og oLrq lkekU; oLrq dgykrh gS A

Q18. When is a good called an ‘ inferior good’?

fud`’V i}kFkZ dks ifjHkkf’kr djsa A

Ans. When with an increase in income of the consumer, the demand for a good decreases and vice versa, the good is called a ‘ inferior goods’.

ftu oLrqvksa dh ekax miHkksdrk dh vk; c<+us ij de gksrh gS os fud`’V oLrq,a dgykrh gS A

Q19.How is the market demand curve derived from individual demand curve?

O;fDrxr ekax odz ls cktkj ekax odz dh x.kuk dSls dh tkrh gS A

Ans. Market demand curve is derived as a horizontal summation of individual demand curve.

O;fDrxr ekax odzksa dk tksM+ cktkj ekax odz dgykrk gS A

Q20. Define market demand.

cktkj ekax dks ifjHkkf’kr djsa A

Ans. Market demand refers to total demand by all buyers of commodities in the market.

cktkj ekax ls rkRi;Z lHkh miHkksdrkvksa }kjk ,d fuf'fpr dher Lrj ij ekaxh xbZ ek=k ls gS A

Q21. Define price elasticity of demand.

dher ekax dh yksp ls D;k rkRi;Z gS A

Ans. The price elasticity of demand is the degree of responsiveness of quantity demanded of a commodity to the change in its price.

dher ekax dh yksp ls rkRi;Z ekax rFkk dher esa izfr'kr izfroZru ds vuqikfrd lEcU/k ls gS A

Q22.Whether demand for luxuries is elastic or inelastic?

foykflrk dh oLrqvksa ds fy, ekax dh yksp ykspnkj gS ;k csykspnkj gS A

Ans. Demand is luxuries is elastic.

ykspnkj A

Q23. What are giffen goods?

fxQu i}kFkZ ls D;k rkRi;Z gS A

Ans. Giffen goods are those inferior goods in the case of which there is a positive relationship between price and quantity demanded.

fxQu inkFkZ os inkFkZ dgykrs gS ftudh dher rFkk ekax dh ek=k esa /kukRed lEcU/k ik;k tkrk gS A

Q24. State one factor that causes increases in demand for a goods.

,d oLrq dh ekax esa o`f} dks izHkkfor djus ds dkj.k crk,a A

Ans. Increase in income of the consumer.

miHkksdrk dh vk; esa o`f} A

Q25. When demand for a good falls due to rise in price of the good alone, what is change in demand called?

;fn fdlh oLrq dh dher esa o`f} ls fdlh oLrq dh ekax esa deh ikbZ tkrh gS rks ;g D;k dgykrk gS A

Ans. Contraction of demand.

ekax esa ladqpu A

**THEORY OF CONSUMER BEHAVIOUR**

**UNIT-2 Marks 18**

**Question Bank**

Q. 1 Define the following;

1. Demand
2. Market demand
3. Individual demand schedule
4. Market demand curve
5. Substitute goods
6. Complementary goods

2 State law of demand .Explain it with the help of a demand schedule.

3 What are the determinants of market demand?

4 How the demand for a commodity affected by the price of its related goods?

5 How the Income of a consumer affect the demand for a commodity Explain with suitable diagram.

1. Explain with the help of diagram that price of related goods affect the demand for the concerned good.

7 Differentiate extension of demand and increase in demand.

8 What is the difference between decrease in demand and contraction of demand?

9 How the movement along demand curve (change in quality demanded) is different from shift of demand curve (change in demand)

1. When, a fall in demand is called contraction of demand, and when, it is called decrease in demand. State the causes of decrease in demand.
2. What is price elasticity of demand?
3. State and explain four factors affecting price elasticity of demand.
4. Explain the expenditure method of measuring price elasticity of demand.
5. Take a straight line demand curve. Extend it so that both of its ends touch the axis of graph. How will you measure the price elasticity demand of different point falling on the curve?
6. Explain the proportionate method of measuring price elasticity of demand?
7. What is marginal utility? How it can be calculated from total utility. Explain it with a schedule.
8. What is consumer’s equilibrium? What are its conditions in case of one commodity and more than one commodity?
9. Explain the state of consumer’s equilibrium? If he consumes more than one commodity.
10. Explain how the consumer will attain equilibrium? In case if he spent all his income on a single commodity.
11. At price Rs 4per unit a consumer demands 10 units of a commodity. If price increases to Rs 6 per unit he demands 80 units calculate price elasticity of supply.
12. At price Rs 10 per unit a consumer demands 100 units if price changes by 25% the demand decreases by 25 units. Calculate price elasticity of demand.
13. Read the following data

Price Quantity demanded

1. 60
2. 75
3. 100

Calculate price elasticity of demand by percentage method and total outlay method when price is changed 5 to 4 and 4 to 3.

**FORMS OF MARKET AND PRICE DETERMINATION**

**UNIT 4: Marks 10**

**Question Bank**

Q1. Define the following

1) Perfect Competition

2) Monopoly

3) Monopolistic

4) Price discrimination

5) Product differentiation

6) Selling cost

7) Equilibrium Price, Equilibrium quantity. (One Marks Each)

Q2. State the 3 features of Perfect competition, monopoly and of monopolistic competition each. (6)

Q3. What is the difference between Perfect Competition and Monopolistic competition? (4)

Q4. Differentiate Monopoly and Monopolistic completion. (4)

Q5. On what basis the Markets are classified? (4)

Q6. How the Price is determined under perfect competition. If there is excess demand or excess supply what will be its effect? (6)

Q7. If the demand of a commodity changes and the supply remains same what will be its effect on equilibrium Price. (4)

Q8. If the supply of commodity changed in perfect competition what will be its effect on equilibrium price and Quantity? (4)

Q9. If the demand is perfectly elastic and supply of a commodity changed what will be its effect on equilibrium price (4)

Q10. If the supply of a commodity is perfectly in elastic and there is change in demand of a commodity what will be its effect on equilibrium price. (6)

Q11. If the demand and Supply of commodity increases simultaneously what will be its effect on equilibrium price and equilibrium quantity. (6)

Q12. How the equilibrium Price and quantity will be affected if there id simultaneous decrease in demand and supply (6)

Q13. How the equilibrium price of Tea is affected if the price of coffee decreases? (6)

Q14. How the equilibrium price is affected if there is change in number of

firms? (4)

Q15. If the income of the consumer is decreased what will be its effect on equilibrium price? (4)

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