INDIAN SCHOOL AL WADI AL KABIR

Class: XI	**Department: Commerce**
	Topic: MARKET FORMS: PART C MARKET EQULIBRIUM AND ITS APPLICATIONS

1-mark questions:

MCQ s:

1. Rightward shift of the demand curve will mean:
   a. **Increase in demand**
   b. Decrease in demand.
   c. Contraction of demand.
   d. Expansion of demand.

2. A downward movement on the same demand curve will mean:
   a. Contraction of demand
   b. Expansion of demand
   c. Increase in demand
   d. Decrease in demand

3. At a given price of a commodity there is excess demand:
   a. Price is not at the equilibrium level.
   b. Price is at the equilibrium level.
   c. Price is zero.
   d. None of the above

4. What will be the effect on equilibrium price if there is an increase in equal proportion of demand and supply of a commodity?

   a. There will be no change in equilibrium price.
   b. Equilibrium price will increase.
   c. Equilibrium price will decrease.
   d. None of the above

5. Government fixes the minimum prices of food grains above the equilibrium price. This is known as:
   a. Price ceiling
   b. Price flooring
   c. Black marketing
   d. Minimum wage.

6. During deflation price falls even if supply decreases or remains stable. This happens because of:

a. High demand
b. Low demand.
c. Zero demand
d. Infinite demand

7. What is the relationship between support price and equilibrium price?
   a. Support price is equal to equilibrium price.
   b. Support price is lower than equilibrium price.
   c. Support price is higher than equilibrium price.
   d. Support price is infinite.

8. In a situation of excess demand:
   a. Market Demand = Market Supply
   b. Market Supply > Market Demand
   c. Market Demand > **Market Supply**
   d. None of these

9. Government controls the price of a product. But the product is illegally sold at a price higher than the one fixed by the Government. It is a situation of
   a. rationing.
   b. Minimum support price
   c**. Black Marketing.**
   d. None of these

10. Suppose there is a shortage of rice in the market. The Government introduces ________ which puts restriction on the quantity that can be bought. This is called:
    a. Black Marketing
    b**. Rationing**
    c. Minimum support price
    d. None of these

11. Buffer stock is a tool of ________. :
    a. Black Marketing
    b**.** Rationing
    c. **Price flooring**
    d. None of these

12. Under what condition increase in demand would not make any effect on equilibrium price?

    a. When supply also increase at the same rate as the demand increases
    b. When supply increases at a higher rate than the demand increases.
    c. When supply increase at a lower rate than demand increases.

    d. None of these