

Q1 What are the conditions of consumer equilibrium under IC approach? What changes will take place if these conditions are not fulfilled?

Q2 There are train and bus services between New Delhi and Rajasthan. Suppose, the train fare between the two cities come down. How will this affect the demand curve for bus travel between the two cities?

Q3 A consumer consumes only two goods X and Y. At a consumption level of these goods, he finds that the ratio of marginal utility to price in case of X is lower than in case of Y. Explain the reaction of the consumer.

Q4 The price elasticity of demand of a commodity is $\rightarrow 1.5$. When its price falls by ₹ 1 per unit, its quantity demanded rises by 3 units. If the quantity demanded before the price change was 30 units. What was the price at this demand?

Q5 A lot of people die due to earthquake and factories are destroyed. What effect on PPC will it have?

Q6 Explain the geometric method of measuring elasticity of demand.

Q7 Explain the law of diminishing marginal utility with the help of total utility schedule.

Q8 Explain why is an indifference Curve
a) downward sloping b) Convex

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Note! ① Holiday home work has to be
submitted latest by 4th July '16.

② There will be class test of Money
and Banking after the vacations.