**Chapter- Demand**

Q 1. If the given commodity is an inferior good, then a decrease in income leads to \_\_\_\_\_\_\_\_\_ in demand.

Q 2. Law of demand states the \_\_\_\_\_\_\_\_\_\_\_\_\_\_ relationship between price and quantity demanded, keeping other factors constant.

Q 3. Substitute goods have \_\_\_\_\_\_\_demand.

Q 4. Slope of Demand Curve = $\frac{Change in Price (∆P)}{?}$

Q 5. \_\_\_\_\_\_\_\_\_ goods are those goods which are used together to satisfy a particular want.

Q 6. \_\_\_\_\_\_\_\_ goods are those goods which can be used in place of one another for satisfaction of a particular want.

Q 7. If a fall in the price of one good raises the demand for another good, the two goods are called \_\_\_\_\_\_\_\_\_\_\_.

Q 8. \_\_\_\_\_\_\_\_\_\_\_ goods refer to those goods whose demand increases with an increase in income.

Q 9. Complementary goods have \_\_\_\_\_\_\_\_\_\_\_\_\_\_ demand.

Q 10. If a household buys less of a commodity due to rise in income, then the given commodity must be an \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ one.

Q 11. If a fall in price of Good X leads to a rise in demand for Good Y, then X and Y are substitute goods. (True / False)

Q 12. Demand of a commodity may rise or fall even when price of the given commodity remains constant. (True / False)

Q 13. Market demand curve is flatter than individual demand curves. (True / False)

Q 14. The demand curve of a commodity may not obey the law of demand if price of its substitute rises. (True / False)

Q 15. Size and composition of population affect the demand for an individual. (True/ False)

Q 16. If a household buys more of a commodity due to rise in income, then the given commodity must be an inferior one.

Q 17. Match the following from the set of statements given in Column I and Column II, choose the correct pair of statements:

|  |  |
| --- | --- |
| Column I | Column II |
| 1. Substitute Goods
 | 1. An increase in price of substitute leads to a decrease in the demand for given commodity
 |
| 1. Complementary Goods
 | 1. An increase in price of complementary good leads to an increase in the demand for given commodity.
 |
| 1. Normal Goods
 | 1. Goods whose demand does not change with an increase in income
 |
| 1. Inferior Goods
 | 1. Goods whose demand decreases with an increase in income.
 |

Q 18. Match the statements given under A with the correct options given under B.

|  |  |
| --- | --- |
| A  | B  |
| 1. Decrease in Price of Substitute Goods
 | 1. Rightward shift in demand curve
 |
|  | 1. Leftward shift in demand curve
 |

Q 19. Match the statements given under A with the correct options given under B.

|  |  |
| --- | --- |
| A  | B  |
| 1. Substitute Goods
 | 1. Car and Pen
 |
| 1. Complimentary Goods
 | 1. Coke and Pepsi
 |
|  | 1. Bread and Butter
 |

Q 20. Match the statements given under A with the correct options given under B.

|  |  |
| --- | --- |
| A  | B  |
| 1. Normal Goods
 | 1. Demand decreases with an increase in income
 |
| 1. Inferior Goods
 | 1. Demand decreases with an increase in price
 |
|  | 1. Demand increases with an increase in price
 |
|  | 1. Demand increases with an increase in income
 |

Q 21. Which of the following is an example of substitute goods?

1. Tea and Coffee
2. Coke and Pepsi
3. Car and Petrol
4. Tea and Sugar

Q 22. The demand for normal good \_\_\_\_\_\_\_\_\_\_ with an increase in income of the consumer.

1. Increases
2. Decreases
3. Remains same
4. Either increases or decreases

Q 23. A, B and C are three commodities, where A and B are complementary; whereas A and C are substitutes. With increase in price of Commodity A;

1. Demand of all the commodities A, B and C will fall
2. Demand of commodities A and B will fall, whereas demand of C will rise
3. Demand of commodities A and C will fall, whereas demand of B will rise
4. Demand of commodities B and C will fall, whereas demand of A will rise

Q 24. When two or more goods are demanded simultaneously, it is known as:

1. Joint Demand
2. Alternate Demand
3. Direct Demand
4. Composite Demand

Q 25. Which one of these is not an example of complementary goods?

1. Tea and Coffee
2. Coke and Pepsi
3. Pen and Refill
4. Bread and Butter

Q 26. Define demand for a good.

Q 27. Define market demand.

Q 28. Define substitute goods.

Q 29. What is meant by complementary goods?

Q 30. If the price of good X rises and this leads to a fall in the demand for good Y, how are the two goods related?

Q 31. When a good is called an ‘inferior good’?

Q 32. A rise in the income of the consumer of a good X leads to a fall in the demand for that good. What is the good X called?

Q 33. Define demand schedule or individual demand schedule.

Q 34. What is Law of Demand?

**Answers**

1. Rise

2. Inverse

3. Competitive

4. Change in Quantity (∆Q)

5. Complementary

6. Substitute

7. Complementary Goods

8. Normal

9. Joint

10. Inferior

11. False. In case of substitute goods, fall in price of one good reduces the demand for another good. X and Y are complementary goods and not substitute goods.

12. True. It is possible when there is change in other factors like change in price of substitute goods, change in price of complementary goods, change in income, etc.

13. True. It happens because with change in price, proportionate change in market demand is more as compared to proportionate change in individual demands.

14. True. With rise in price of substitutes, the demand curve of the commodity may not obey the law of demand because demand curve is drawn on an assumption that there is no change in other determinants of demand.

15. False. It affects the market demand and not the individual demand.

16. False. The given commodity will be a normal good.

17. (d) Inferior Goods – (iv) Goods whose demand decreases with an increase in income.

18. (i) Decrease in Price of Substitute Goods - (b) Leftward shift in demand curve

19. (i) Substitute Goods – (b) Coke and Pepsi; (ii) Complementary Goods – (c) Bread and Butter

20. (i) Normal Goods – (d) Demand increases with an increase in income;

(ii) Complementary Goods – (a) Demand decreases with an increase in income

21. (a) Tea and Coffee; (b) Coke and Pepsi

22. (a) Increases

23. (b) Demand of commodities A and B will fall, whereas demand of C will rise

24. (a) Joint Demand

25. (a) Tea and Coffee; (b) Coke and Pepsi

26. Demand is the quantity of a commodity that a consumer is willing and able to buy, at each possible price during a given period of time.

27. Market demand refers to the quantity of a commodity that all the consumers are willing and able to buy, at a particular price during a given period of time.

28. Substitute goods are those goods, which can be used in place of each other for satisfaction of a particular want. For example, Tea and Coffee, Pepsi and Coke.

29. Complementary goods are those goods which are used together to satisfy a particular want. For example, Car and Petrol, Tea and Sugar.

30. Both are complementary goods.

31. A good in called an ‘inferior good’ when its demand falls with a rise in the income of consumer. For example, ‘Toned Milk’ is an inferior good if its demand decreases with an increase in income.

32. Inferior good.

33. Demand schedule (individual demand schedule) refers to a table which shows various quantities of a commodity, that a consumer is willing to purchase at different prices during a given period of time.

34. Law of demand state the inverse relationship between price and the quantity demanded, keeping other factors constant.