

EC 101: Principles of Microeconomics
Quiz 1 — Markets & Elasticity

Duration: 30 minutes Maximum marks: 10

SET B

Name: _____ Roll No.: _____

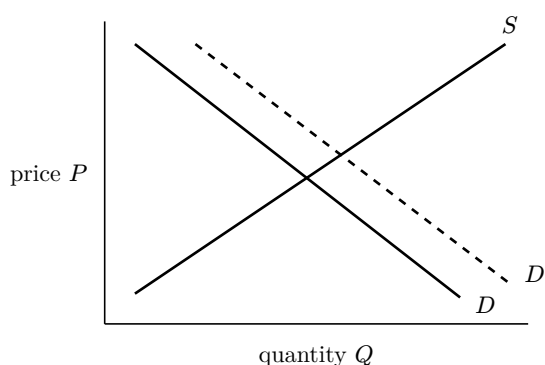
Instructions

- Write your name and roll number before starting.
- This paper has 5 questions in 3 parts, for a total of 10 marks.

Part A — Multiple Choice

6 marks

- Q1.** The market below starts at the intersection of S and D ; demand then shifts outward to D' (dashed). *[2 marks]*



In the new equilibrium, compared with the old one:

- (A) Both are unchanged
(B) Price falls and quantity rises
(C) Price rises and quantity rises
(D) Price rises and quantity falls
- Q2.** A good's price rises from ₹10 to ₹12 and quantity demanded falls from 100 to 80 units. *[2 marks]*

	Before	After
Price	₹10	₹12
Quantity	100	80

Using percentage changes from the initial point, demand here is:

- (A) Perfectly inelastic ($\varepsilon = 0$)
(B) Elastic ($|\varepsilon| > 1$)
(C) Unit elastic ($|\varepsilon| = 1$)
(D) Inelastic ($|\varepsilon| < 1$)

- Q3.** You skip a concert ticket worth ₹500 (which you value at ₹800) to work a shift paying ₹600. The opportunity cost of working is: *[2 marks]*
- (A) ₹800
 - (B) ₹500
 - (C) ₹600
 - (D) ₹300 of net enjoyment forgone (₹800 value – ₹500 price)

Part B — Fill in the Blanks*1 marks*

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- Q4.** GDP deflator = (nominal GDP / real GDP) × _____. *[1 mark]*

Part C — Essay*3 marks*

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- Q5.** “A binding minimum wage always reduces total employment.” Discuss in at most one page, referencing both the competitive model and one situation where the claim can fail. *[3 marks]*

— *End of paper* —