CRITERION TEST

(Information)

Supervised by: —

Dr. Harish Chandra Sharma
M.A; M. Ed; M. Phil; Ph.D.
Reader,
Department of Education,
Panjab University, Chandigarh.

Prepared by: —

Rajinder Kaur
M.A., M.Ed.; M. Phil
Assistant Professor (Education)
Directorate of Correspondence Courses
H. P. University, Simla.
Introduction:

Students, you have already read "Competitive Equilibrium" in your class in Economics. You will, please, go through the questions/statements given below in four parts. There is space meant for your answers after each question/statement. You will read the question/statement and take your time to answer the same in the space provided. Please start.

Part-A

CI- 1. What is measured on the X-axis? ________________

CI- 2. What is measured on the Y-axis? ________________

CI- 3. What is the slope of the demand curve in competitive market? ________________

CI- 4. What is the slope of the supply curve in the competitive market? ________________

CI- 5. What is equilibrium quantity? ________________

CI- 6. What is equilibrium price? ________________

CI- 7. What happens to the demand curve when demand increases, supply remaining the same? ________________

CI- 8. What happens to the price when demand increases? ________________

CI- 9. What happens to the demand curve when demand decreases, supply remaining the same? ________________

CI-10. What happens to the price when demand decreases? ________________

CI-11. What is the equilibrium price in the given diagram when with the increase in demand $D_1$, is the new demand curve?

Price

1-axis

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CI-12. In the given diagram, $D_1$ is the demand curve when the demand has decreased. What is the equilibrium price in the new situation?

In the given diagram, $S_1$ is the supply curve when the supply has decreased. What is the equilibrium price?

CI-13. What happens to the supply curve when supply decreases, demand remaining the same?

CI-14. What happens to the price when supply decreases?

CI-15. What happens to the supply curve when supply increases, demand remaining the same?

CI-16. What happens to the price when supply increases?

CI-17. In the given diagram, $S_1$ is the supply curve when the supply has increased, what is the equilibrium price?

CI-18. In the given diagram, $S_2$ is the supply curve when the supply has decreased, what is the equilibrium price?
In the statements given below three alternative answers are given to each statement. Out of these answers only one is correct or more appropriate than others. Tick mark (✓) the correct answer.

CI-19. On X-axis we measure
a) Quantity
b) Price
c) Income

CI-20. On Y-axis we measure
a) Price
b) Quantity
c) Income

CI-21. The demand curve is
a) Positively sloped
b) Negatively sloped
c) Constantly sloped

CI-22. The supply curve is
a) Constantly sloped
b) Negatively sloped
c) Positively sloped

CI-23. The demand curve in these diagrams is:

- Price vs. Quantity
  - (2,1) a) PQ
  - (2,2) b) P_1Q_1
  - (2,3) c) P_2Q_2

CI-24. The supply curve in the diagram (2,1), (2,2), (2,3) is
a) PQ
b) P_1Q_1
c) P_2Q_2

CI-25. The equilibrium price in the given diagram is:

- Price vs. Quantity
  - a) OB
  - b) OA
  - c) OA_1
CI-26. The equilibrium quantity in the Fig. 2.4 is:
   a) OB
   b) OA
   c) OA

CI-27. In the given diagram when demand increases from DD, supply remaining the same, the shifted demand curve is:
   a) DD
   b) D_0D_1
   c) D_2D_2

CI-28. When demand has decreased from DD, supply remaining the same, the new demand curve in the Fig. 2.5 is:
   a) D_2D_2
   b) DD
   c) D_0D_1

CI-29. With the increase in demand, the price charged has
   a) Remained unchanged
   b) Fallen
   c) Risen

CI-30. With the decrease in demand, the price charged has
   a) Remained unchanged
   b) Fallen
   c) Risen

CI-31. In the given diagram, when supply increases from SS, the new supply curve is:
   a) SS
   b) S_2S_2
   c) S_1S_1

CI-32. In Fig. 2.6, when the supply decreases from SS, the new supply curve is:
   a) SS
   b) S_2S_2
   c) S_1S_1
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**CL-33.** With the increase in supply, the price charged

a) Increases
b) Decreases
c) Remains same.

**CL-34.** With the increase in supply, the price charged:

a) Increases
b) Decreases
c) Remains same.

**Part C**

In this part there are two columns (i) and (ii). Column (i) consists of items to which the responses are given in column (ii) without any specific order. Match the responses in column (ii) with the items in column (i) by the letter indicating the appropriate responses against each item in the space provided in the brackets.

<table>
<thead>
<tr>
<th>Column (i)</th>
<th>Column (ii)</th>
</tr>
</thead>
<tbody>
<tr>
<td>CL-35. i) X-axis ( )</td>
<td>a) Price</td>
</tr>
<tr>
<td>ii) Y-axis ( )</td>
<td>b) Quantity</td>
</tr>
<tr>
<td>c) Income</td>
<td></td>
</tr>
<tr>
<td>CL-36. i) Demand Curve ( )</td>
<td>a) Positively sloped</td>
</tr>
<tr>
<td>ii) Supply Curve ( )</td>
<td>b) Constantly sloped</td>
</tr>
<tr>
<td>c) Negatively sloped</td>
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</tr>
<tr>
<td>CL-37. i) Increase in Demand ( )</td>
<td>a) Demand curve shifts upward</td>
</tr>
<tr>
<td>ii) Decrease in demand ( )</td>
<td>b) Demand curve does not shift</td>
</tr>
<tr>
<td>c) Demand curve shifts downward</td>
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</tr>
<tr>
<td>CL-38. i) Increase in demand ( )</td>
<td>a) Price increases</td>
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<tr>
<td>ii) Decrease in demand ( )</td>
<td>b) Price decreases</td>
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<tr>
<td>c) Price constant</td>
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<tr>
<td>CL-39. i) Increase in supply ( )</td>
<td>a) Supply curve shifts upward</td>
</tr>
<tr>
<td>ii) Decrease in supply ( )</td>
<td>b) Supply curve shifts downward</td>
</tr>
<tr>
<td>c) Supply curve does not shift</td>
<td></td>
</tr>
<tr>
<td>CL-40. i) Increase in supply ( )</td>
<td>a) Price constant</td>
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<tr>
<td>ii) Decrease in supply ( )</td>
<td>b) Price decreases</td>
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<tr>
<td>c) Price increases</td>
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<tr>
<td>CL-41. i) Increase in demand ( )</td>
<td>a) Price increases</td>
</tr>
<tr>
<td>ii) Increase in supply ( )</td>
<td>b) Price constant</td>
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<tr>
<td>c) Price decreases</td>
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</tr>
<tr>
<td>CL-42. i) Decrease in Demand ( )</td>
<td>a) Price increases</td>
</tr>
<tr>
<td>ii) Decrease in supply ( )</td>
<td>b) Price decreases</td>
</tr>
<tr>
<td>c) Price constant</td>
<td></td>
</tr>
</tbody>
</table>
Complete the following by filling in the blanks with the appropriate response.

CI-43. Demand curve is __________________________ sloped.

CI-44. Supply curve is __________________________ sloped.

CI-45. Equilibrium quantity is the quantity produced at the point where ___________________ & ___________________ curves intersect.

CI-46. The equilibrium price in the diagram 4.1 is denoted by ___________________.

CI-47. Equilibrium price is the price charged at the point where demand and supply curves ___________________.

CI-48. When demand increases, demand curve shifts in the ___________________ direction.

CI-49. The equilibrium quantity in the Fig. 4.1 is indicated by ___________________.

CI-50. The demand curve shifts in the downward direction with the ___________________ in demand.

CI-51. The price charged decreases with the ___________________ in demand.

CI-52. When demand decreases, demand curve shifts in the ___________________ direction.

CI-53. The demand curve shifts in the upward direction with the ___________________ in demand.

CI-54. The price charged increases with the ___________________ in demand.

CI-55. When supply ___________________ supply curve shifts in the right downward direction.

CI-56. When supply ___________________ supply curve shifts in the left upward direction.

CI-57. When supply increases, the price charged ___________________.

-Fig. 4.1-
CI-58. The supply curve shifts in the ______ direction with the increase in supply.

CI-59. The supply curve shifts in the ______ direction with the decrease in supply.

CI-60. When supply ______ the price charged increases.