



INDIAN SCHOOL MUSCAT
SENIOR SECTION
DEPARTMENT OF COMMERCE AND HUMANITIES
CLASS XI
MARKET EQUILIBRIUM
WORKSHEET 8



I. Answer in one sentence each

1. What does a firm's supply curve tell us?
2. Define equilibrium quantity
3. When supply increases more than the increase in demand?
A. Price rises but quantity falls B. Price and quantity rises.
C. Price falls but quantity increases D. Both price and quantity falls.
4. What does excess demand mean in microeconomics?
5. Whom does the government intend to help by means of support price?
A. Producers B. Consumers C. Both producers and consumers
D. Distributors

II. Answer in around 60 words each

6. Define price ceiling. Explain using diagram. What are its consequences?
7. What are the major causes of shift in demand?
8. Explain the effect on market for a good for a given change in supply if demand curve of the product is perfectly inelastic.
9. Explain the effect of shift in demand curve to right on equilibrium price and quantity.
10. Explain the effect on market for tea if price of coffee rises.

III. Answer in around 75 words each

11. Suppose demand and supply functions are given as:-
 $Q^D = 700 - P$
 $Q^S = 500 + 3P$
What could be equilibrium price and quantity?
If supply function of one firm is $Q_{fs} = 15 + P$ and all the firms are having identical supply functions, find out the total number of firms in the market
12. Explain the consequence of increasing excise duty on a good by the government on its market price and quantity exchanged.

13. What happens to equilibrium price and quantity when demand curve shifts provided supply is perfectly inelastic?

IV. Answer in around 100 words each

14. Define equilibrium price. How is it determined in a market? Use a schedule and diagram in support of your answer.
15. What does price floor means? When does government use this measure? What are its consequences?
16. Explain the effect on market for cars if:
- a. Price of steel increases.
 - b. Price of petrol falls.