



INDIAN SCHOOL MUSCAT
SENIOR SECTION
DEPARTMENT OF COMMERCE AND HUMANITIES
CLASS XI-MICRO ECONOMICS
THEORY OF DEMAND
WORKSHEET – 4

I. Answer in one sentence each

- a. Define demand
- b. State law of demand.
- c. Demand for good X decreases as price of good Y increases then the two goods are:
A. Absolute necessities B. complementary good
C. inferior goods D. Substitute goods
- d. If a good is absolute necessity, then its price elasticity of demand is:
A. Zero B. Unitary C. Infinity D. Inelastic
- e. Draw a relatively inelastic demand.
- f. Identify the matching pair from the following

A. Expansion of Demand	I. Increase income of the consumer
B. Demand curve shifts to right	II. Decrease in price of complementary good
C. Availability of substitutes	III. Makes demand relatively inelastic
D. Lifesaving medicines	IV. Demand is relatively elastic

- g. A downward movement along the same demand curve is due to:
A. Increase in price of the good
B. Decrease price of the good
C. Increase in income of the consumer
D. Increase price of its complementary good
- h. Price elasticity of demand for a good is always negative because of ----- relationship between Price and quantity demanded of the good.

II. Answer in around 60 words.

- a. State law of demand. Explain with a schedule and diagram.
- b. Consider two commodities Tea and Coffee. What could be the effect on demand for Tea if price of coffee falls. Explain with reason and suitable diagram.
- c. Government declares a compulsory festival bonus of ₹10000/- to all workers working in the country. Explain the likely impact on the demand for refrigerators in the country?
- d. Distinguish between normal good and inferior good. Use examples.
- e. What are the causes of shift in demand to right?

- f. Distinguish between complementary good and substitute good with examples.
- g. Law of demand holds good only under certain assumptions. What are these?
- h. State meaning of:
 - a. Direct demand
 - b. derived demand.
 - C. Joint demand
- i. Distinguish between expansion of demand and increase in demand. Use diagram

III. Answer in around 75 words.

- a. What does change in demand mean? Explain using diagram.
- b. What does change in quantity demanded mean? Explain using diagram.
- c. Define market demand curve. Explain with the help of a diagram.
- d. Why does demand curve slope down ward? Explain the reasons behind this.
- e. Distinguish between movement along the same demand curve and shift in demand.

IV. Answer in around 100words.

- a. Define price elasticity of demand. Explain the different cases of price elasticity of demand using diagrams.
- b. Briefly explain the factors that influence price elasticity of demand for a good.
- c. What are the important determinants of demand for a good? Explain each with suitable illustration.