

## Principles of Economics ( English Medium) - ICOM Part 1 Economics English Medium Chapter 5 Short Questions Preparation

Q1. What is equilibrium price ?

**Ans 1:** That price where forces of demand and supply are in equilibrium is called equilibrium price.

Q2. What are perishable goods ?

**Ans 1:** Those goods which can not be stored for long time for example fish, vegetables, fruits etc.

Q3. What is perfect competition ?

**Ans 1:** Perfect competition is a market structure which has the following conditions.

1. There are very large number of buyers and sellers in the market.
2. The product of all the firms is homogenous.
3. Freedom of entry and exit of firms.
4. There is perfect mobility of factors.
5. There is perfect knowledge about market.

Q4. What is market ?

**Ans 1:** Market means all that area where buyers and sellers contact each other for the sale of purchase of their goods and services.

Q5. Define normal price.

**Ans 1:** The piece of short and long period products are known as 'normal price'. For example fan, furniture, bike etc. In case of normal price producers have enough time to adjust the supply of goods and services according to their demand.

Q6. What is reserve price ?

**Ans 1:** Reserve price is that minimum price below which a seller does not ready to sell any quantity of his product.

Q7. Define market equilibrium.

**Ans 1:** A market is in equilibrium at that point where the forces of demand and supply are equal.

Q8. What is equilibrium quantity ?

**Ans 1:** That quantity where forces of demand and supply are in equilibrium is called equilibrium quantity.

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Q9. What are durable goods ?

**Ans 1:** Those goods which can be stored for long time for example fan, furniture, bike etc.

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Q10. Define short period and long period of time.

**Ans 1:** Short Run:

It is time period when a firm can not change its size and its productive capacity.

Long Run:

It is time period when a firm can change its size and its productive capacity.

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