



Microeconomics – Extra Questions

Meeting 2



Welcome To Success Formula Extra Questions

What Is It?

This free set of custom questions gives you a clear taste of what to expect on the exam and helps you check if you are keeping up with the material. They are based on our Weekly Meetings and cover the key topics you need to know. The difficulty of each question is shown in the corner by the number of lit Success Formula logos. Share, discuss, and have fun testing your knowledge with them! 😊

How Does It Work?

Give the questions a go on your own! We are not giving the answers on purpose. Peeking would make it way too easy. Stuck or unsure? Come into into our WhatsApp group and discuss them with us. The link/QR is on the last slide if these questions were shared with you.



Exam Time!



Question

A decrease in the price of Good X causes the quantity demanded of Good X to increase by 20 units. If the income effect is 5 units, what is the substitution effect?

Answers

- A. 5 units
- B. 15 units
- C. 25 units
- D. 20 units



Exam Time!



Question

A firm's production function is given by $Q = K^{0.5} L^{0.5}$, where Q is output, K is capital, and L is labor. If the firm wants to increase output from 100 to 200 units, by what factor must it increase both K and L ?

Answers

- A. 0.5
- B. 1.41
- C. 2
- D. 4



Exam Time!



Question

The Marginal Rate of Technical Substitution (MRTS) measures:

Answers

- A. The rate at which labor can replace capital to maintain output level.
 - B. The ratio of total cost to output.
 - C. The rate of increase in marginal product as capital is increased.
 - D. The substitution between two products for utility maximization.
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Exam Time!



Question

A consumer spends 10% of their income on Good Z when their income is \$500. As their income rises to \$1000, they now spend 15% on Good Z. What type of good is Z?

Answers

- A. Normal and necessity
 - B. Normal and luxury
 - C. Inferior
 - D. Giffen
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Exam Time!



Question

The price of Good B decreases from \$12 to \$10. This leads the consumer to increase their consumption of Good B from 25 units to 35 units. Additionally, due to this price change, the consumer's real income effect causes an increase in demand for Good B by 4%. Given that the total quantity demanded increased to 35 units, what is the substitution effect in units?

Answers

- A. 6.4 units
- B. 7.2 units
- C. 9 units
- D. 10 units



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