

## CHAPTER-12 | Understanding Markets

### QUIZ PART-02

1. Which two participants are necessary for a market to exist?

- A. Producer and transporter
- B. Buyer and seller
- C. Farmer and labourer
- D. Banker and trader (B)

**Explanation:** A market exists when buyers and sellers come together for exchange.

2. What is price?

- A. The cost of production only
- B. The profit earned by the seller
- C. The amount agreed upon by buyer and seller for goods or services
- D. The government tax on goods (C)

**Explanation:** Price is the amount at which the buyer agrees to buy and the seller agrees to sell.

3. What usually happens before a transaction takes place?

- A. Advertisement
- B. Transportation
- C. Bargaining and negotiation
- D. Storage (C)

**Explanation:** In many markets, buyers and sellers bargain and negotiate before fixing a price.

4. If a buyer and seller fail to agree on a price, what happens?

- A. The price doubles
- B. The government fixes the price
- C. The transaction does not take place
- D. Goods are destroyed (C)

**Explanation:** A transaction happens only when both buyer and seller agree on the price.

5. If the seller fixes the price very high, buyers will:

- A. Immediately purchase
- B. Offer a lower price
- C. Stop bargaining
- D. Increase demand (B)

**Explanation:** Buyers usually negotiate and offer a lower price when the seller asks too much.

6. Over time, the correct price of goods is determined by:

- A. Only the seller's decision
- B. Only the buyer's decision
- C. Interaction between buyers and sellers
- D. Weather conditions (C)

**Explanation:** Prices are usually determined through the interaction of buyers and sellers in the market.

7. What helps sellers estimate how much quantity to bring in future?

- A. Government rules
- B. Past experience and buyer demand
- C. Weather forecast
- D. Transport cost (B)

**Explanation:** Sellers learn from past sales and customer demand to estimate the required quantity in future.

8. The final price of goods should be:

- A. Very high for seller
- B. Very low for buyer
- C. High for buyer and low for seller
- D. Acceptable to both buyer and seller (D)

**Explanation:** A successful transaction takes place when the price is acceptable to both sides.

9. When many buyers and sellers are present in the market, prices:

- A. Never change
- B. Are influenced by their interaction
- C. Are fixed by police
- D. Become free (B)

**Explanation:** Market prices are affected by how buyers and sellers interact with each other.

10. Vegetables are often cheaper late at night because:

- A. Quality improves
- B. Sellers want to finish unsold stock
- C. Government reduces taxes
- D. Buyers bargain less (B)

**Explanation:** Sellers often reduce prices at the end of the day to clear unsold vegetables.