

LIST OF ATTEMPTED QUESTIONS AND ANSWERS

Multiple Choice Multiple Answer

Question	Demand is determined by :-
Correct Answer	Price of the product , Relative prices of other goods , Tastes and habits
Your Answer	Tastes and habits , Price of the product , Relative prices of other goods

True/False

Question	Public enterprises have shown a very high rate of return of the capital invested.
Correct Answer	False
Your Answer	False

Multiple Choice Multiple Answer

Question	Characteristics of the phase of Depression are :-
Correct Answer	Decrease in economic activities , The growth rate becomes negative , The level of national income declines rapidly
Your Answer	Decrease in economic activities , The growth rate becomes negative , The level of national income declines rapidly

Select The Blank

Question	When a firm's average revenue (A.R.) is equal to its average cost (A.C.), it gets _____.
Correct Answer	Normal profit
Your Answer	Sub normal profits

Select The Blank

Question	Sole Proprietorship is also called sole _____.
Correct Answer	Tradership
Your Answer	Tradership

Multiple Choice Single Answer

Question	Managerial economics generally refers to the integration of economic theory with business
Correct Answer	Practice
Your Answer	Practice

Multiple Choice Single Answer

Question	The city of Banaras has specialized in the manufacture of :-
Correct Answer	Silk
Your Answer	Silk

Multiple Choice Multiple Answer

Question	Features of public sector enterprises are as follows :-
Correct Answer	It is controlled by the state , Separate funds to undertake their activity , They are accountable to public
Your Answer	It is controlled by the state , Separate funds to undertake their activity , They are accountable to public

Multiple Choice Single Answer

Question	Given the price, if the cost of production increases because of higher price of raw materials, the supply :-
Correct Answer	Decreases
Your Answer	Decreases

Multiple Choice Multiple Answer

Question	Quantitative credit control measures are :-
Correct Answer	Open market operations , Changes in bank rates , Changes in statutory reserve ratio
Your Answer	Open market operations , Changes in bank rates , Changes in statutory reserve ratio

Multiple Choice Single Answer

Question	The type economic problem is
Correct Answer	universal
Your Answer	universal

Multiple Choice Single Answer

Question	Macro economics is the study of the :-
Correct Answer	Aggregate behavior of economy
Your Answer	Aggregate behavior of economy

True/False

Question	The financing of the pure public goods has to be through public expenditure and not through market pricing.
Correct Answer	True

Your Answer True

Select The Blank

Question Under monopoly, the entire supply is controlled by _____.

Correct Answer One sellers

Your Answer One sellers

Multiple Choice Single Answer

Question The cost recorded in the books of accounts are considered as :-

Correct Answer Explicit costs

Your Answer Explicit costs

Select The Blank

Question The important feature of monopolistic competition is _____.

Correct Answer Product differentiation

Your Answer Product differentiation

Multiple Choice Single Answer

Question The act of making goods and services is called

Correct Answer production

Your Answer production

Select The Blank

Question Baumol has suggested as an alternative objective for profit maximization, the maximization of _____.

Correct Answer Sales

Your Answer Sales

True/False

Question A Joint Stock Company is managed by the Board of Directors elected by shareholders.

Correct Answer True

Your Answer True

True/False

Question The registration of a partnership firm is voluntary.

Correct Answer	True
Your Answer	True

Multiple Choice Multiple Answer

Question	In the Dynamic Theory of Profit, Prof. Clark has pointed out the types of changes, which are :-
Correct Answer	Changes in the supply of capital , Changes in population , Changes in the techniques of production
Your Answer	Changes in the supply of capital , Changes in population , Changes in the techniques of production

Match The Following

Question	Correct Answer	Your Answer
Resource allocation decisions in free market economy	Theory of price	Theory of price
Economic problem	Universal	Universal
Managerial Economics	Applied branch of knowledge	Applied branch of knowledge
Inflation	Reduction in purchasing power	Reduction in purchasing power
Waste of resources	Involuntary unemployment	Involuntary unemployment

Multiple Choice Single Answer

Question	Managerial economics is also understood to refer to
Correct Answer	applied economics
Your Answer	applied economics

Multiple Choice Multiple Answer

Question	Features of short-run period are :-
Correct Answer	Supply of goods can be adjusted to the demand to some extent , Supply and demand determine the price , Some factors can be changed
Your Answer	Supply of goods can be adjusted to the demand to some extent , Supply and demand determine the price , Some factors can be changed

True/False

Question	Under perfect competition, price is determined by the interaction of total demand and total supply in the market.
Correct Answer	True

Your Answer	False
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True/False

Question	Price discrimination is possible in perfect competition.
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Correct Answer	False
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Your Answer	False
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Multiple Choice Single Answer

Question	The pioneering analysis of imperfect competition was done by Mrs. Jaon Robinson from the :-
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Correct Answer	Cambridge University
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Your Answer	Harward University
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Multiple Choice Single Answer

Question	J.M. Keynes, on the basis of a fundamental psychological law of consumption, observed that as income increases, consumption also increases, but proportionately :-
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Correct Answer	Less
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Your Answer	Greater
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Select The Blank

Question	Under perfect competition, price is determined by the interaction of total demand and _____.
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Correct Answer	Total supply
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Your Answer	Total cost
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Select The Blank

Question	The out of pocket costs are _____.
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Correct Answer	Explicit costs
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Your Answer	Explicit costs
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Select The Blank

Question	The market price is determined by the interaction of the market demand curve and _____.
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Correct Answer	Supply curve
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Your Answer	Supply curve
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True/False

Question	The short run Average Cost (A.C.) curve is U shaped.
Correct Answer	True
Your Answer	True

True/False

Question	In market, period supply is elastic.
Correct Answer	False
Your Answer	False

Multiple Choice Multiple Answer

Question	Under cost plus pricing :-
Correct Answer	The price is set to cover material, labour cost , Actual costs, standard costs are included , Certain percentage of profit also included
Your Answer	The price is set to cover material, labour cost , Actual costs, standard costs are included , Certain percentage of profit also included

Multiple Choice Multiple Answer

Question	Features of the firm are :-
Correct Answer	It is a business unit organized under one ownership , It is a sole proprietorship , It is a partnership or joint stock company
Your Answer	It is bigger than industry , It is a partnership or joint stock company

Multiple Choice Multiple Answer

Question	Main aims of the New Industrial Policy (1991) are :-
Correct Answer	To unshackle the Indian industrial economy from the cobwebs of unnecessary bureaucratic control , To introduce liberalization with a view to integrate the Indian economy with the world economy , To remove restrictions on direct foreign investment as also to free the domestic entrepreneur from the restriction of MRTP act
Your Answer	To unshackle the Indian industrial economy from the cobwebs of unnecessary bureaucratic control , To introduce liberalization with a view to integrate the Indian economy with the world economy , To remove restrictions on direct foreign investment as also to free the domestic entrepreneur from the restriction of MRTP act

Multiple Choice Multiple Answer

Question	Important theories of profits are :-
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Correct Answer	Uncertainty-bearing theory of profit , Dynamic theory of profit
Your Answer	Risk taking theory , Uncertainty-bearing theory of profit , Dynamic theory of profit

Multiple Choice Multiple Answer

Question	Distinction between private sector and public sector is determined on the basis of :-
Correct Answer	Economic system , Motive , Principle of pricing
Your Answer	Economic system , Motive , Principle of pricing

True/False

Question	During the phase of depression, the level of national income and expenditure rises rapidly.
Correct Answer	False
Your Answer	False

Select The Blank

Question	When people expect a rise in prices, businessmen _____ their investment & this leads in the demand for capital goods to Increase.
Correct Answer	Increase
Your Answer	Decreases

Select The Blank

Question	Problems regarding economy's capacity to produce goods and services growing from year to year or is it remaining static are the topics in the Theory of _____.
Correct Answer	Economic growth
Your Answer	Economic growth

Match The Following

Question	Correct Answer	Your Answer
Human wants	unlimited	unlimited
General Theory of Employment, Interest and Money	J. M. Keynes	J. M. Keynes
Managerial economics	Decision making and forward planning	Decision making and forward planning
Resources	scarce	scarce

Commodities	goods and services	goods and services
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Multiple Choice Single Answer

Question	Dalal Street in Bombay is known as :-
Correct Answer	Bombay Stock Exchange
Your Answer	Bombay Stock Exchange

Multiple Choice Single Answer

Question	When in order to satisfy a given want, 2 or more goods are needed in combination, these goods are called :-
Correct Answer	Complimentary goods
Your Answer	Complimentary goods

Multiple Choice Single Answer

Question	Every nation's resources which are used to produce the quantities of goods and services that would be required to satisfy all its citizen's wants are
Correct Answer	insufficient
Your Answer	insufficient

Select The Blank

Question	While discussing the product divisibility of public and private goods, the principle of _____ may be applied in case of only those people who do not agree to pay or who cannot pay the market price of the goods.
Correct Answer	Exclusion
Your Answer	Exclusion

Multiple Choice Single Answer

Question	Goods produced on small scale have :-
Correct Answer	Relatively inelastic supply
Your Answer	Relatively inelastic supply

Question contraction of demand is defined as a situation when lesser quantity of a commodity is demanded only because the price of the commodity in question
Correct Answer risen

Question Oligopoly is a type of _____ market. A _____ exists in the industry
Correct Answer imperfect

Correct Answer few firms

Question The management of the cooperative form of business organization is totalitarian in nature.
Correct Answer False

Question The federal government of U.S.A. does not face the basic economic problem.
Correct Answer False

Question Managerial economics is also understood to refer to
Correct Answer applied economics

Question In contrast to the normative concept of justice, efficiency and inefficiency are positive concepts
Correct Answer True

Question Characteristics of Depression
Correct Answer Decrease in economic activities , The growth rate becomes negative , The level of national income declines rapidly

Question Other things being equal, the higher _____ of commodity, the smaller is the quantity _____ and lower the price , larger is the quantity demanded.

Correct Answer

Correct Answer price

Question The production function is the name given to the _____ between the rates of _____ of productive services and rate of output of a product

Correct Answer relationship

Correct Answer input

Question Under perfect competition, if demand increases, supply being constant, the price would

Correct Answer rise

Question The implicit cost is opportunity cost.

Correct Answer True

Question The economic stabilization means

Correct Answer Preventing excessive economic fluctuations , Efficient utilization of labour and other factors of production , Encouraging free competitive enterprise

Question The demand curve has a negative slope.

Correct Answer True

Question
Correct
Answer

The type economic problem is universal

Question
Correct
Answer

Demand for food grains is inelastic but the demand for wheat is elastic.
True

Question
Correct
Answer

Managerial economics generally refers to the integration of economic theory with business Practice

Question
Correct
Answer

When is price discrimination possible
In Monopoly Market , In case of Services sold , In case of geographical barriers

Question
Correct
Answer

Wholesale _____ index numbers measure the _____ in the general price level of a country.
Price

Correct
Answer

changes

Question
Correct
Answer

Cross elasticity of demand may be defined as the ratio of proportionate change of quantity demanded of _____ to a given proportionate change in _____ of the related commodity \hat{Y} .
commodity \hat{X}

Correct
Answer

price

Question
Correct
Answer

All human wants that can be satisfied by consuming goods and services are insatiable.
True

Question
Correct
Answer

The act of making goods and services is called
production

Question
Correct
Answer

The things that are produced by factors of production are called
commodities

Question
Correct
Answer

In economics the questions related to the dynamic or static (otherwise) capacity of the economy to
produce goods and services are topics in the
theory of economic growth

Question
Correct
Answer

Assumptions of the Law of Demand are:
No change in consumerâ€™s income , No change in consumerâ€™s preferences , No change in
fashion

Question
Correct
Answer

Every nationâ€™s resources which are used to produce the quantities of goods and services that would be
required to satisfy all its citizenâ€™s wants are
insufficient

Question Keynes, on the basis of a fundamental _____ law, observed that as income _____ consumption also proportionately
Correct psychological
Answer

Correct increases
Answer

Question The short run Average Cost (A.C.) curve is U shaped.
Correct True
Answer

Question Internal Economies:
Correct Advantages of large-scale production , Low cost of production , It avails benefits of cheaper finance
Answer

Question According to J.M. Keynes, the equilibrium between the aggregate demand function and the aggregate supply
Correct often does take, place at
Answer less than full employment

Question Recession includes
Correct The demand is halted , Increase in production of goods , Inventories piling up in stocks
Answer

Question The basic economic problems that are faced by various types of Economics.
Correct What commodities are being produced? , By what methods are these commodities produced. , How is
Answer society's output of goods and services divided among its members?

Question Income elasticity of demand can be defined as the _____ of proportionate _____ in the quantity demanded of the commodity to a given proportionate change in income of the consumer.

Correct
Answer ratio

Correct
Answer change

Question The concept of just distribution of national product is a
Correct
Answer normative

Question Scope of Managerial Economics deals with:
Correct
Answer Demand analysis and forecasting. , Production function & cost analysis. , Inventory management advertising

Question 1) Organisation of production requires bringing together various _____ and _____ the efforts of all
Correct
Answer the process of production.
factors of production

Correct
Answer coordinating

Question The study of the working and allocation of resources in the free market economies is the topic in the
Correct
Answer theory of price

Question Conditions of equilibrium
Correct
Answer Marginal Revenue should be equal to Marginal Cost , The Marginal cost curve should cut the marginal revenue curve below at the equilibrium point , Marginal cost curve should be increasing at equilibrium point

Question Correct Answer In economics the question related to the selection of methods with which commodities are produced is a su theory of production

Question Correct Answer Every nation's _____ are insufficient to produce the quantities of _____ than would be required to s citizens' wants. resources

Correct Answer goods and services

Question Correct Answer Expansion of supply is traced by the movement an the supply curve upward

Question Correct Answer All the buyers and sellers operating under perfect competition have knowledge perfect

Question Correct Answer An assembly of several machines, linked together either physically or by processes capable of producing a product per day is plant

Question Correct Answer In the words of Mr. Kuchhal, a joint-stock company is an _____ association, which is an artificial legal person, having _____ legal entity, with a perpetual succession, a carrying a l incorporated

Correct Answer independent

Question Specific organizational goals of Firms are:
Correct Maximisation of profit , Reasonable Profit Target , Sales revenue Maximization
Answer

Question There is separation of ownership and management in a
Correct Answer Joint stock company.

LIST OF ATTEMPTED QUESTIONS AND ANSWERS

Multiple Choice Single Answer

Question	Managerial economics generally refers to the integration of economic theory with business
Correct Answer	Practice
Your Answer	Practice

Multiple Choice Single Answer

Question	Every nation's resources which are used to produce the quantities of goods and services that would be required to satisfy all its citizen's wants are
Correct Answer	insufficient
Your Answer	insufficient

Multiple Choice Single Answer

Question	Managerial economics is also understood to refer to
Correct Answer	applied economics
Your Answer	management science

Multiple Choice Single Answer

Question	The type economic problem is
Correct Answer	Universal
Your Answer	Universal

Multiple Choice Single Answer

Question	The act of making goods and services is called
Correct Answer	production
Your Answer	production

Multiple Choice Single Answer

Question	The act of using goods and services to satisfy wants is called
Correct Answer	consumption
Your Answer	consumption

Multiple Choice Single Answer

Question	The things that are produced by factors of production are called
Correct Answer	commodities
Your Answer	commodities

Multiple Choice Single Answer

Question	The concept of just distribution of national product is a
Correct Answer	normative
Your Answer	Neutral

True/False

Question	A firm under perfect competition is a price maker
Correct Answer	False
Your Answer	False

True/False

Question	When demand and supply rise and fall in the same proportion, the equilibrium price changes
Correct Answer	False
Your Answer	False

True/False

Question	Market means a particular area where buyers and sellers meet
Correct Answer	False
Your Answer	True

Multiple Choice Single Answer

Question	Goods which are completely divisible and to them the principle of exclusion applies in full measure are
Correct Answer	Pure private goods
Your Answer	Pure private goods

Multiple Choice Single Answer

Question	Market system of economy is characterized by consumer's
Correct Answer	sovereignty
Your Answer	freedom

True/False

Question	In case of a proprietary firm the liability of the proprietor is limited
Correct Answer	False
Your Answer	False

Multiple Choice Single Answer

Question	Macro – economics provides an exploration to the functioning of an economy in
Correct Answer	general
Your Answer	general

True/False

Question	The subject matter of macro – economics includes the theory of income and employment at an individual level
Correct Answer	False
Your Answer	True

Match The Following

Question	Correct Answer	Your Answer
Inflation	Deficit financing	Deficit financing
R.B.I.	General and selective credit control measures	Two different prices
P.D.S.	Essential commodities	General and selective credit control measures
Dual prices	Two different prices	Essential commodities
The consumers' Protection Act 1986	Right to information	Right to information

Multiple Choice Single Answer

Question	Depreciation is the value caused by the continuous use of a capital asset is
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Correct Answer	loss
Your Answer	loss

True/False

Question	Accounting profit takes in to account opportunity cost.
Correct Answer	False
Your Answer	False

True/False

Question	According to Prof Knight, profit is the reward for uncertainty bearing.
Correct Answer	True
Your Answer	True

True/False

Question	According to J.B. Clark, profit is the reward paid to the entrepreneur for dynamism.
Correct Answer	True
Your Answer	True

Multiple Choice Single Answer

Question	Complementary goods are demanded
Correct Answer	jointly
Your Answer	jointly

Match The Following

Question	Correct Answer	Your Answer
The law of demand states	When price falls demand rises	Change in the price of another commodity
The law of demand indicates	Relationship between the price of a commodity and the quantity Demanded	The more available are substitutes for that product
Cross demand is the change in the quantity demanded of a given	Change in the price of another commodity	Demand was entirely inelastic

commodity in response to the		
Incase there were no changes in the quantity of food sold even when its price had fallen we would know that	Demand was entirely inelastic	Relationship between the price of a commodity and the quantity Demanded
The elasticity of demand for product will be higher	The more available are substitutes for that product	When price falls demand rises

Multiple Choice Single Answer

Question	As per the law marginal product becomes negative when total product
Correct Answer	falls
Your Answer	falls

Multiple Choice Single Answer

Question	The law of diminishing returns is applicable to agriculture provided the state of technology is given and
Correct Answer	constant
Your Answer	constant

Multiple Choice Single Answer

Question	Under the system of dual prices in case of essential goods, adopted by the government, the weaker sections of the community are supplied these goods through fair price shops whi
Correct Answer	fair
Your Answer	fair

Select The Blank

Question	Quantitative credit control measures such as _____ operations, change in the bank rate, and changes in the _____ ratios
Correct Answer	open market
Your Answer	open market
Correct Answer	statutory reserve
Your Answer	statutory reserve

Multiple Choice Single Answer

Question	AVC is the per unit variable cost of
Correct Answer	production
Your Answer	Total Variable Cost

True/False

Question	Given the price, if the cost of production of a commodity decreases because of the use of improved technique of production, there will be increase in supply.
Correct Answer	True
Your Answer	True

True/False

Question	The laws of returns to scale explain the behavior of output in response to changes in scale.
Correct Answer	True
Your Answer	True

Multiple Choice Multiple Answer

Question	An Industry
Correct Answer	Is a group of firms , All firms dealing in the same line of business , The ownership and management of each firm is different
Your Answer	Is a group of firms , All firms dealing in the same line of business

Multiple Choice Multiple Answer

Question	Dumping
Correct Answer	It is possible in the case of Monopoly Market , Selling same good at higher price in home market and lower at price in the international market , It is encourage with a view to promote the exports
Your Answer	It is possible in the case of Monopoly Market , Selling same good at higher price in home market and lower at price in the international market

Select The Blank

Question	Under perfect competition, _____ is determined by the interaction of total _____ and total supply in the market
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Correct Answer	price
Your Answer	price
Correct Answer	demand
Your Answer	demand

Select The Blank

Question	Oligopoly is a type of _____ market. A _____ exists in the industry
Correct Answer	imperfect
Your Answer	imperfect
Correct Answer	few firms
Your Answer	few firms

Multiple Choice Multiple Answer

Question	Advantages of Cost-Benefit Analysis
Correct Answer	It aims at maximization of social welfare , In following this principle, the problem of infinite target value does not arise , It shows the measures necessary for attaining maximum net wealth
Your Answer	It aims at maximization of social welfare , In following this principle, the problem of infinite target value does not arise , It shows the measures necessary for attaining maximum net wealth

Multiple Choice Multiple Answer

Question	Effective Demand
Correct Answer	Determine the level of income and output in an economy , Is total expenditure is equal to total income in an economy , Study of aggregate demand and aggregate supply
Your Answer	Determine the level of income and output in an economy , Is total expenditure is equal to total income in an economy , Study of aggregate demand and aggregate supply

Select The Blank

Question	According to Prof. Ackley, “_____ economics deals with economic affairs in the large it concerns the _____ of economic life”.
Correct Answer	macro

Your Answer	macro
Correct Answer	overall dimensions
Your Answer	overall dimensions

Multiple Choice Multiple Answer

Question	Different types of business organizations are;
Correct Answer	Private sector. , Public sector. , Joint sector.
Your Answer	Private sector. , Public sector. , Joint sector.

Multiple Choice Multiple Answer

Question	Distinction between private sector and public sector is determined
Correct Answer	On the basis of economic system , On the basis of motive , On the basis of principle of pricing
Your Answer	On the basis of motive , On the basis of principle of pricing

Multiple Choice Multiple Answer

Question	Methods of Demand forecasting for new Products are:
Correct Answer	Product life Cycle Analysis , Test Marketing , Evolutionary Approach
Your Answer	Evolutionary Approach

Multiple Choice Multiple Answer

Question	Index numbers may broadly be classified as:
Correct Answer	Price indices , Quantity Indices , Special purpose indices
Your Answer	Price indices , Quantity Indices

Select The Blank

Question	Economics is a _____ , which studies human behaviour as a relationship between _____ , which have alternative uses.
Correct Answer	science
Your Answer	science
Correct Answer	ends and scarce means
Your Answer	ends and scarce means

Select The Blank

Question	The production function is the name given to the _____ between the rates of _____ of productive services and rate of output of a product
Correct Answer	relationship
Your Answer	relationship
Correct Answer	input
Your Answer	input

Select The Blank

Question	Internal economies are those advantages of large- scale _____, which accrue to a _____ on account of its superior techniques and management
Correct Answer	production
Your Answer	production
Correct Answer	firm
Your Answer	industry

Select The Blank

Question	Elasticity of supply may be defined as the ratio of the percentage _____ or the _____ change in quantity supplied to the percentage or proportionate change in Price.
Correct Answer	proportionate
Your Answer	change
Correct Answer	change
Your Answer	proportionate

Select The Blank

Question	Costs may be classified as : (a) _____, including material costs, wage cost and interest cost (b) _____, including costs of advertising and (c) other costs, including insurance ch
Correct Answer	Production costs
Your Answer	Production costs
Correct Answer	Selling costs
Your Answer	Selling costs

Select The Blank

Question	Costs, which increase because of _____ of a firm, are called incremental costs, and costs, which have to be borne whether there is expansion or not are, called _____ costs
Correct Answer	expansion
Your Answer	expansion
Correct Answer	sunk
Your Answer	sunk

LIST OF ATTEMPTED QUESTIONS AND ANSWERS

Multiple Choice Single Answer

Question	Managerial economics generally refers to the integration of economic theory with business
Correct Answer	Practice
Your Answer	Practice

Multiple Choice Single Answer

Question	The externalities which cannot be priced in the market with reference to the demand and supply behavior are termed as
Correct Answer	non - market external effects
Your Answer	non - market external effects

True/False

Question	In a market system of an economy procedures are guided by profit motive.
Correct Answer	True
Your Answer	True

Multiple Choice Multiple Answer

Question	At the level of the society, the macro economic objectives are
Correct Answer	economic stabilization , employment generation , poverty reduction
Your Answer	economic stabilization , employment generation , poverty reduction

Select The Blank

Question	By using cost-benefit analysis we can show the measures necessary for attaining maximum _____ and optimal policy aiming at this goal.
Correct Answer	net wealth
Your Answer	net wealth

Select The Blank

Question	The financing of _____ goods is done through public expenditure.
Correct Answer	public
Your Answer	public

Select The Blank

Question	_____ effects are those externalities which flow from the production or use of the good to other parties or economic units.
Correct Answer	Third party
Your Answer	Third party

Select The Blank

Question	Prof. Sam Nelson calls risks from unsafe factories or nuclear power plants as _____ economies.
Correct Answer	negative
Your Answer	risk

True/False

Question	Micro-economics is primarily concerned with the problem of what, how and for whom to produce?
Correct Answer	False
Your Answer	True

Multiple Choice Multiple Answer

Question	We say that a nation faces economic problems , under following conditions
Correct Answer	Man has unlimited wants or ends , The means or resources to satisfy them are limited , These resources are not specific but have alternative uses
Your Answer	Man has unlimited wants or ends , The means or resources to satisfy them are limited , These resources are not specific but have alternative uses

Multiple Choice Multiple Answer

Question	Every nation, poor or rich small or great has to face basic economic problem that is
Correct Answer	what commodities to produce and in what quantities? , by what methods are the commodities produced? , Is purchasing power of money & savings constant or is it being eroded because of inflation?
Your Answer	what commodities to produce and in what quantities? , by what methods are the commodities produced?

True/False

Question	A plant is an economic unit which takes various decisions related to production and distribution.
Correct Answer	False
Your Answer	False

Select The Blank

Question	The minimum number of directors which private limited should have is _____.
Correct Answer	2
Your Answer	2

Select The Blank

Question	The minimum number of directors which public limited should have is _____.
Correct Answer	3
Your Answer	3

Multiple Choice Multiple Answer

Question	Economist's concept of profit is
Correct Answer	Pure Profit , Economic Profit , Just Profit
Your Answer	Pure Profit , Economic Profit

Multiple Choice Single Answer

Question	In economics, demand means desire backed by a adequate
Correct Answer	purchasing power
Your Answer	purchasing power

True/False

Question	Giffen goods are superior goods.
Correct Answer	False
Your Answer	False

Select The Blank

Question	Demand for a commodity depends on the relative price of its _____
Correct Answer	substitute goods
Your Answer	substitute goods

Select The Blank

Question	An upward sloping demand curve is called _____
Correct Answer	exceptional demand curve
Your Answer	exceptional demand curve

Multiple Choice Multiple Answer

Question	Demand is determined by
Correct Answer	Price of the product , Relative prices of other goods , Tastes and habits
Your Answer	Price of the product , Relative prices of other goods , Tastes and habits

Multiple Choice Multiple Answer

Question	Demand Curve
Correct Answer	Is a graphical presentation , Slopes downward , Explain the relation between price and demand
Your Answer	Is a graphical presentation , Slopes downward , Explain the relation between price and demand

Multiple Choice Single Answer

Question	When input and output increase in the same proportion, the phase of returns are
Correct Answer	constant
Your Answer	constant

True/False

Question	In case of decrease in supply, the supply curve shifts to left side of the original supply curve.
Correct Answer	True
Your Answer	True

True/False

Question	A supply schedule is a graphical presentation of supply patterns.
Correct Answer	False
Your Answer	False

Multiple Choice Multiple Answer

Question	Increasing Returns explains
Correct Answer	Total product increases at an increasing rate , Marginal product increasing and it is maximum , Average product is increasing but it is below MP
Your Answer	Total product increases at an increasing rate , Average product is increasing but it is below MP

Select The Blank

Question	Supply is predominantly determined by _____.
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Correct Answer	stock
Your Answer	demand

Select The Blank

Question	Output rises in a lesser proportion to that of the increase in input, under the case of _____.
Correct Answer	decreasing returns to scale
Your Answer	decreasing returns to scale

Select The Blank

Question	If the output rises in the greater proportion than that of the increase in factor inputs, it is referred to as _____.
Correct Answer	increasing returns to scale.
Your Answer	increasing returns to scale.

Multiple Choice Single Answer

Question	A place where buyers & sellers meet each other to effect a business transaction is known as
Correct Answer	Market
Your Answer	Market

Multiple Choice Single Answer

Question	Variable cost are those costs which vary with the level of
Correct Answer	output
Your Answer	output

Multiple Choice Single Answer

Question	Dalal Street in Bombay is known as
Correct Answer	Bombay Stock Exchange
Your Answer	Bombay Stock Exchange

True/False

Question	Under perfect competition, firms are free to enter and exit in the market.
Correct Answer	True
Your Answer	True

True/False

Question	Under perfect competition single seller can influence the price.
Correct Answer	False
Your Answer	False

Match The Following

Question	Correct Answer	Your Answer
Demand curve under oligopoly is	kinky	kinky
Perfect competition	perfectly elastic Average Revenue curve	perfectly elastic Average Revenue curve
Marginal cost pricing	helps the firm to become more aggressive in the market	helps the firm to become more aggressive in the market
Going rate pricing	emphasizes the market conditions	emphasizes the market conditions

Multiple Choice Multiple Answer

Question	Features of an Industry are
Correct Answer	All firms dealing in the same line of business , The ownership and management of each firm is different , Is a group of firms
Your Answer	All firms dealing in the same line of business , The ownership and management of each firm is different , Is a group of firms

Multiple Choice Multiple Answer

Question	Features of Oligopoly Market are
Correct Answer	Few sellers , Restriction to entry of new firms , Price leadership
Your Answer	Few sellers , Restriction to entry of new firms , Price leadership

Multiple Choice Multiple Answer

Question	Marginal cost pricing explains that the
Correct Answer	Price charged should be equal to the marginal cost , Cost price sets the lower limits for firm's price , Cost price ensures the possible level of profitability
Your Answer	Price charged should be equal to the marginal cost , Cost price sets the lower limits for firm's price , It based on full cost pricing

Multiple Choice Single Answer

Question	The crucial factor in determining the level of income and employment, according to Keynes is
Correct Answer	effective demand

Your Answer	effective demand
-------------	------------------

Multiple Choice Single Answer

Question	Inflation is characterized by demand which is in
Correct Answer	excess of supply
Your Answer	excess of supply

True/False

Question	The prosperity phase is characterized by rise in the level of employment.
Correct Answer	True
Your Answer	True

Match The Following

Question	Correct Answer	Your Answer
Rise in costs due to an increase in factor prices	a cause of inflation from supply side.	a cause of inflation from supply side.
According to J. M. Keynes, there are two factors determining the investment function,	namely i) the M.E.C. and ii) the rate of interest.	namely i) the M.E.C. and ii) the rate of interest.
The point of effective demand is the point when	A.D. = A.S.	A.D. = A.S.
Trade Cycle	Recession	Recession

Multiple Choice Single Answer

Question	Over the years in India the govt. expenditure is
Correct Answer	increasing
Your Answer	increasing

Multiple Choice Single Answer

Question	Under the system of dual prices adopted by the Government for essential goods, the weaker sections of the community are supplied those goods through fair price shops which are
Correct Answer	fair
Your Answer	neo –rich

Multiple Choice Single Answer

Question	The government has adopted a system of dual prices in the case of
Correct Answer	essential goods
Your Answer	capital goods

Multiple Choice Single Answer

Question	Often monopolies purposely keep certain factors of production idle creating artificial scarcities of their products as a result the prices
Correct Answer	rise
Your Answer	rise

True/False

Question	There is considerable slush money with politicians & Government servants.
Correct Answer	True
Your Answer	True

Multiple Choice Multiple Answer

Question	Reasons for need of public distribution system are
Correct Answer	To maintain stable price conditions , To bring an efficient management of the supply , To supply the necessary goods to people at reasonable price
Your Answer	To maintain stable price conditions , To bring an efficient management of the supply , To supply the necessary goods to people at reasonable price

LIST OF ATTEMPTED QUESTIONS AND ANSWERS

Multiple Choice Single Answer

Question	The indivisible goods, whose benefits cannot be priced, and therefore, to which the principle of exclusion does not apply, are called
Correct Answer	Pure public goods
Your Answer	Pure public goods

Multiple Choice Single Answer

Question	In case of a pure public good, its marginal cost is
Correct Answer	zero
Your Answer	zero

Multiple Choice Single Answer

Question	The indivisible goods whose benefits cannot be priced are called
Correct Answer	Pure public goods
Your Answer	Pure public goods

True/False

Question	The financing of the pure public goods has to be through public expenditure and not through market pricing.
Correct Answer	True
Your Answer	True

Multiple Choice Multiple Answer

Question	Advantages of Cost-Benefit Analysis
Correct Answer	It aims at maximization of social welfare , In this principle, the problem of infinite target value does not arise , It shows the measures necessary for attaining maximum net wealth
Your Answer	In this principle, the problem of infinite target value does not arise , It shows the measures necessary for attaining maximum net wealth , It considered the effect of diminishing marginal utility of additional wealth

Select The Blank

Question	While discussing the product divisibility of public and private goods, the principle of _____ may be applied in case of only those people who do not agree to pay or who cannot pay the market price
----------	--

Correct Answer	exclusion
Your Answer	exclusion

Select The Blank

Question	The goods become _____ only when each individual has an access to the entire amount of it and its use by the individual does not reduce its availability to others.
Correct Answer	indivisible
Your Answer	indivisible

Select The Blank

Question	Defence service is an example of _____ good.
Correct Answer	indivisible
Your Answer	indivisible

Select The Blank

Question	In the context of formulating an investment project, _____ feasibility means the availability of supervisors for implementing and running the project smoothly and professionally.
Correct Answer	management
Your Answer	management

Select The Blank

Question	In a market system of an economy, producers are guided by _____ motive.
Correct Answer	profit
Your Answer	profit

True/False

Question	The federal government of U.S.A. does not face the basic economic problem.
Correct Answer	False
Your Answer	False

True/False

Question	In contrast to the normative concept of justice, efficiency and inefficiency are positive concepts.
Correct Answer	True
Your Answer	True

Multiple Choice Single Answer

Question	All firms producing the homogenous or similar products together make
Correct Answer	an industry
Your Answer	an industry

Multiple Choice Single Answer

Question	The suggestion of maximization of balanced growth rate as another alternative objective of a firm's profit is suggested by
Correct Answer	Prof. Morris
Your Answer	Baumol

Match The Following

Question	Correct Answer	Your Answer
The Homeostatic theory	Prof. Kenneth Boulding	Baumol
Satisfying behavior	Cyert R.M. and J.G. March	Cyert R.M. and J.G. March
Joint – sector enterprises	Hindustan Machine Tools	Hindustan Machine Tools
State enterprises	Public welfare	Public welfare

Multiple Choice Multiple Answer

Question	The firm may be defined as
Correct Answer	an independently administered business unit , centre where the decisions about what to produce how to produce are taken , a business unit, which hires resources for production
Your Answer	an independently administered business unit , centre where the decisions about what to produce how to produce are taken , a business unit, which hires resources for production

Multiple Choice Multiple Answer

Question	Distinction between private sector and public sector is determined
Correct Answer	on the basis of economic system , on the basis of motive , on the basis of principle of pricing
Your Answer	on the basis of economic system , on the basis of motive , on the basis of principle of pricing

Select The Blank

Question	The partnership between private sector & government is called _____
----------	---

Correct Answer	Joint sector enterprise
Your Answer	Joint sector enterprise

Select The Blank

Question	The form of organization which is best for self employment is _____.
Correct Answer	Sole trader
Your Answer	Sole trader

True/False

Question	Accounting profit takes in to account opportunity cost.
Correct Answer	False
Your Answer	False

Multiple Choice Multiple Answer

Question	Gross Profit includes
Correct Answer	remuneration for the factors of production paid by the entrepreneur , depreciation and maintenance charges , net profit
Your Answer	remuneration for the factors of production paid by the entrepreneur , depreciation and maintenance charges , net profit

Multiple Choice Single Answer

Question	When with a rise in price, the total outlay falls, or with a fall in price, the total outlay rises, elasticity of demand is
Correct Answer	> 1
Your Answer	> 1

Match The Following

Question	Correct Answer	Your Answer
Excess supply can be defined as	quantity supplied minus quantity demanded.	quantity supplied minus quantity demanded.
Tea and sugar	Complimentary goods	Complimentary goods
Excess demand can be defined as	quantity demanded minus quantity supplied	quantity demanded minus quantity supplied
Equilibrium price is the price where the	quantity demanded equals quantity supplied	quantity demanded equals quantity supplied

Select The Blank

Question	When demand for the product increases in the same proportion
----------	--

	in which income increases, Income elasticity of demand will be equal to_____
Correct Answer	unity
Your Answer	unity

Multiple Choice Multiple Answer

Question	Individual Demand Schedule
Correct Answer	Is in tabular form , It shows the prices of goods , It shows the quantities of a commodity purchased
Your Answer	Is in tabular form , It shows the prices of goods , It shows the quantities of a commodity purchased

Multiple Choice Multiple Answer

Question	Exceptions to the Law of Demand are
Correct Answer	Giffen goods , Articles of snob appeal , Speculation
Your Answer	Giffen goods , Articles of snob appeal , Speculation

Multiple Choice Multiple Answer

Question	Reasons for change in Demand (Increase or Decrease in Demand)
Correct Answer	Change income of consumer , Change in population , Change in fashion and customs
Your Answer	Change income of consumer , Change in population , Change in fashion and customs

Multiple Choice Single Answer

Question	Costs which increase because of the expansion of a firm are called
Correct Answer	incremental
Your Answer	incremental

True/False

Question	In the traditional concept of equilibrium, a firm attains the equilibrium when the firm's Total Revenue (T.R.) =Total Cost (T.C.).
Correct Answer	False
Your Answer	True

True/False

Question	Given the price, if the cost of production of a commodity decreases because of the use of improved technique of production, there will be increase in supply.
----------	---

Correct Answer	True
Your Answer	True

Multiple Choice Multiple Answer

Question	The production function can be explained by
Correct Answer	Law of variable proportions , Laws of returns to scale , Optimum combinations of inputs
Your Answer	Law of variable proportions , Laws of returns to scale , Optimum combinations of inputs

Multiple Choice Multiple Answer

Question	The Laws of Returns to scale are
Correct Answer	Law of Increasing Returns to Scale , Law of Constant Returns to Scale , Law of Decreasing Returns to scale
Your Answer	Law of Increasing Returns to Scale , Law of Constant Returns to Scale , Law of Decreasing Returns to scale

Select The Blank

Question	Under the decreasing returns to scale, the marginal output curve slopes _____.
Correct Answer	downward
Your Answer	downward

Select The Blank

Question	The cost which enter the accounts book of the firm are referred as _____.
Correct Answer	Accounting cost
Your Answer	Accounting cost

Select The Blank

Question	The salary of the proprietor or rent on own land are the _____.
Correct Answer	Implicit cost
Your Answer	Implicit cost

Multiple Choice Single Answer

Question	Under monopoly entry of new firms is
Correct Answer	prohibited
Your Answer	prohibited

Multiple Choice Single Answer

Question	The economists who defined the term 'market' different from that of the traditional sense is
Correct Answer	Jevons & Cournot
Your Answer	Jevons & Cournot

Multiple Choice Single Answer

Question	Under , Perfect competition, when an individual buyer increases or reduces his demand , the total market demand
Correct Answer	is not all affected
Your Answer	is not all affected

True/False

Question	When demand and supply rise and fall in the same proportion, the equilibrium price changes.
Correct Answer	False
Your Answer	True

True/False

Question	When a firm's average revenue (A.R) is less than its average cost, it earns only normal profit.
Correct Answer	False
Your Answer	False

Multiple Choice Multiple Answer

Question	Types of imperfect competition are
Correct Answer	Monopoly , Duopoly , Oligopoly
Your Answer	Duopoly , Oligopoly

Multiple Choice Multiple Answer

Question	Conditions of Price Discrimination are:
Correct Answer	The two markets in which the product is sold should be kept separate , The elasticity of demand in different markets should be different , Market must be imperfect
Your Answer	The two markets in which the product is sold should be kept separate , The elasticity of demand in different markets should be different , Market must be imperfect

Multiple Choice Single Answer

Question	The principle of full employment equilibrium was stated by
Correct Answer	Say's Law of Market

Your Answer	Say's Law of Market
-------------	---------------------

Multiple Choice Single Answer

Question	According to J.M. Keynes, the equilibrium between the aggregate demand function and the aggregate supply function can, and often does take place at
Correct Answer	less than full employment
Your Answer	less than full employment

True/False

Question	During recession, on account of decline in investment by producers, there is decline in income and consumption.
Correct Answer	True
Your Answer	True

True/False

Question	During the period of recession there is increase in incomes of wage and interest earners.
Correct Answer	False
Your Answer	False

Multiple Choice Multiple Answer

Question	The causes of inflation are
Correct Answer	Increase in public expenditure , Increase in private expenditure , Increase in foreign demand
Your Answer	Increase in public expenditure , Increase in private expenditure , Increase in foreign demand

LIST OF ATTEMPTED QUESTIONS AND ANSWERS

Multiple Choice Multiple Answer

Question	Features of Pure Competition are
Correct Answer	Large number of buyers and sellers , Homogeneous products , Free entry and free exit of firms
Your Answer	Large number of buyers and sellers , Homogeneous products , Free entry and free exit of firms

Multiple Choice Multiple Answer

Question	Methods of measurement of elasticity are
Correct Answer	Percentage method , Point elasticity method , Total outlay expenditure method
Your Answer	Percentage method , Point elasticity method , Total outlay expenditure method

Multiple Choice Single Answer

Question	Managerial economics is also understood to refer to
Correct Answer	applied economics
Your Answer	applied economics

True/False

Question	The short run Average Cost (A.C.) curve is U shaped.
Correct Answer	True
Your Answer	True

Multiple Choice Multiple Answer

Question	Under cost plus pricing
Correct Answer	The price is set to cover material, labour cost , Actual costs, standard costs are included , Certain percentage of profit also included
Your Answer	The price is set to cover material, labour cost , Actual costs, standard costs are included , Certain percentage of profit also included

Select The Blank

Question	The partnership between private sector & government is called _____
Correct Answer	Joint sector enterprise
Your Answer	Joint sector enterprise

Multiple Choice Multiple Answer

Question	The subject matter of Micro economics includes the study of
Correct Answer	an individual consumer , particular market for a given commodity , operation of a firm
Your Answer	an individual consumer , particular market for a given commodity

Select The Blank

Question	The persons who own the _____hip concern are called Partners.
Correct Answer	Partners
Your Answer	Partners

Select The Blank

Question	While discussing the product divisibility of public and private goods, the principle of _____ may be applied in case of only those people who do not agree to pay or who cannot pay the market price
Correct Answer	exclusion
Your Answer	exclusion

Multiple Choice Single Answer

Question	The main objective of a co- operative organization is
Correct Answer	service
Your Answer	service

Multiple Choice Single Answer

Question	With technological advances, with the given inputs, the flow of output
Correct Answer	increases
Your Answer	increases

True/False

Question	Contraction of supply is traced by the downward movement on the supply curve
Correct Answer	True
Your Answer	True

Multiple Choice Single Answer

Question	In the Long run perfect competition and monopolistic competition the firm make profits which are
Correct Answer	normal
Your Answer	normal

Multiple Choice Multiple Answer

Question	Phases of business cycle
Correct Answer	Expansion , Peak , Recession
Your Answer	Expansion , Peak , Recession , Trough

Multiple Choice Single Answer

Question	In case of perfectly elastic supply, the supply curve is
----------	--

Correct Answer	horizontal
Your Answer	hyperbola

Multiple Choice Multiple Answer

Question	The production function can be explained by
Correct Answer	Law of variable proportions , Laws of returns to scale , Optimum combinations of inputs
Your Answer	Law of variable proportions , Laws of returns to scale , Optimum combinations of inputs

Select The Blank

Question	A private limited company can be formed with 2 to 50 members maximum, excluding _____
Correct Answer	employee shareholders
Your Answer	employee shareholders

Select The Blank

Question	Modern economists treat social cost and benefits as _____ of private investment and production decisions.
Correct Answer	externalities
Your Answer	externalities

Multiple Choice Single Answer

Question	Production Function implies relationship between
Correct Answer	input & output
Your Answer	input & output

True/False

Question	The divisible goods, whose benefits can be priced, are called pure public goods.
Correct Answer	False
Your Answer	False

Match The Following

Question	Correct Answer	Your Answer
Methods of production of commodities	Theory of production	Theory of production
General theory of employment, interest and money	J. M. Keynes	J. M. Keynes
Inflation	Reduction in purchasing power	Reduction in purchasing power
Services	Intangible goods	Intangible goods

Multiple Choice Single Answer

Question	The type economic problem is
Correct Answer	universal
Your Answer	universal

Select The Blank

Question	Defence service is an example of _____ good.
Correct Answer	indivisible
Your Answer	indivisible

Multiple Choice Single Answer

Question	True inflation starts only after reaching the level of full
Correct Answer	Employment
Your Answer	Employment

Match The Following

Question	Correct Answer	Your Answer
Commodities	goods and services	goods and services
Human wants	unlimited	unlimited
General Theory of Employment, Interest and Money	J. M. Keynes	J. M. Keynes
Managerial economics	Decision making and forward planning	Decision making and forward planning
Resources	scarce	scarce

Multiple Choice Single Answer

Question	All firms producing the homogenous or similar products together make
Correct Answer	an industry
Your Answer	an industry

Multiple Choice Multiple Answer

Question	The total output of all the commodities in one country over some period, usually taken as a year is called as
Correct Answer	Gross National Product , National Product , National Income
Your Answer	National Income

Multiple Choice Single Answer

Question	An individual does not voluntarily agree to pay the market price for the milk. As a result market refuses to supply him the required quantity of milk. In this example , milk is an
----------	---

Correct Answer divisible good

Your Answer divisible good

Multiple Choice Multiple Answer

Question Scope of Managerial Economics deals with

Correct Answer Demand analysis and forecasting , Production function & cost analysis , Inventory management adverting, price system

Your Answer Demand analysis and forecasting , Production function & cost analysis , Inventory management adverting, price system

Multiple Choice Single Answer

Question The number of buyers & sellers operating under perfect competition is

Correct Answer large

Your Answer large

Multiple Choice Single Answer

Question Managerial economics generally refers to the integration of economic theory with business

Correct Answer Practice

Your Answer Practice

True/False

Question Measurement of profit becomes difficult because of the difficulty involved in the calculation of depreciation.

Correct Answer True

Your Answer True

Multiple Choice Single Answer

Question Economic Profit takes in to account the

Correct Answer implicit cost

Your Answer implicit cost

True/False

Question The supply curve slopes downwards from left to right.

Correct Answer False

Your Answer False

Select The Blank

Question Reasonable profit target as an alternative to the objective of profit maximization was suggested by _____.

Correct Answer Joel Dean

Your Answer Joel Dean

Multiple Choice Single Answer

Question Every nation's resources which are used to produce the quantities of goods and services that would be required to satisfy all its citizen's wants are

Correct Answer insufficient

Your Answer insufficient

Multiple Choice Multiple Answer

Question Characteristics of the phase of Recession are

Correct Answer Investments decline , Negative multiplier gets underway , Inventories pile up

Your Answer Negative multiplier gets underway , Inventories pile up

Select The Blank

Question Demand for safety pins is _____

Correct Answer inelastic

Your Answer inelastic

True/False

Question Pure private goods are completely divisible and to them the principle of exclusion applies in full measure.

Correct Answer True

Your Answer True

Multiple Choice Single Answer

Question According to Prof. F.H. Knight, profit is a reward for

Correct Answer uncertainty bearing

Your Answer uncertainty bearing

True/False

Question Macro economic studies are based on empirical evidence.

Correct Answer True

Your Answer True

Select The Blank

Question The social costs and benefits are the external economies and diseconomies resulting from the _____ activities, which are known as, "externalities"

Correct Answer firm's

Your Answer firm's

Multiple Choice Multiple Answer

Question Price discrimination is possible in case of

Correct Answer	public utilities with legal sanction , personnel services sold , geographical barriers
----------------	--

Your Answer	monopolistic market , personnel services sold , geographical barriers
-------------	---

True/False

Question	During the period of depression, a large part of a country's resources lie involuntarily idle.
----------	--

Correct Answer	True
----------------	------

Your Answer	True
-------------	------

True/False

Question	In case of a partnership firm of business organization a minor can become partner of the firm.
----------	--

Correct Answer	False
----------------	-------

Your Answer	False
-------------	-------

Multiple Choice Single Answer

Question	The Government attempts to increase supplies of food grains and other essential goods in times of internal shortage through larger
----------	--

Correct Answer	imports
----------------	---------

Your Answer	imports
-------------	---------

Select The Blank

Question	The out of pocket costs are _____.
----------	------------------------------------

Correct Answer	Explicit costs
----------------	----------------

Your Answer	Explicit costs
-------------	----------------

MANAGERIAL ECO

orrect Answer scarce means have alternate uses , studies human behaviour , relationship between ends and scarce resources

Your Answer studies human behaviour , relationship between ends and scarce resources , scarce means have alternate uses

Select The Blank

Question The costs which cover the cost of advertising is _____.

Correct Answer Selling cost

Your Answer Selling cost

Select The Blank

Question In the context of formulating an investment project, _____ feasibility means the availability of supervisors for implementing and running the project smoothly and professionally.

Correct Answer management

Your Answer resource

Match The Following

Question Correct Answer Your Answer

Resource allocation decisions in free market economy Theory of price Theory of price

Economic problem Universal Universal

Managerial Economics Applied branch of knowledge Applied branch of knowledge

Inflation Reduction in purchasing power Reduction in purchasing power

Waste of resources Involuntary unemployment Involuntary unemployment

True/False

Question Macro economic studies are based on empirical evidence.

Correct Answer True

Your Answer False

Select The Blank

Question Sole Proprietorship which is also called sole _____

Correct Answer tradership

Your Answer retailer

MANAGERIAL ECO

Multiple Choice Multiple Answer

Question The features of a Joint Stock-Company are

Correct Answer perpetual succession , limited liability , free transferability of shares

Your Answer perpetual succession , limited liability , free transferability of shares

Multiple Choice Multiple Answer

Question The characteristics of a sole proprietorship firm is

Correct Answer Unlimited Capital , Ownership by a single person , Easy to form

Your Answer Ownership by a single person , Easy to form

Multiple Choice Multiple Answer

Question Main aims of the New Industrial Policy (1991) are

Correct Answer To unshackle the indian industrial economy from the cobwebs of unnecessary bureaucratic control , To introduce liberalization with a view to integrate the indian economy with the world economy , To remove restrictions on direct foreign investment as also to free the domestic entrepreneur from the restriction of MRTP act

Your Answer To unshackle the indian industrial economy from the cobwebs of unnecessary bureaucratic control , To introduce liberalization with a view to integrate the indian economy with the world economy , To remove restrictions on direct foreign investment as also to free the domestic entrepreneur from the restriction of MRTP act

Multiple Choice Single Answer

Question Managerial economics aims at providing guidance to the firms for

Correct Answer decision making

Your Answer decision making

Match The Following

Question Correct Answer Your Answer

Human wants unlimited unlimited

General Theory of Employment, Interest and Money J. M. Keynes J. M. Keynes

Managerial economics Decision making and forward planning Decision making and forward planning

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Resources scarce scarce

Commodities goods and services goods and services

Multiple Choice Multiple Answer

Question Macro Economics is the study of

Correct Answer The aggregate behavior of the economy , The behavior of economic agents , Problems such as the rates of inflation, the balance of payments, etc

Your Answer The aggregate behavior of the economy , The behavior of economic agents , Economic welfare

Multiple Choice Single Answer

Question The act of making goods and services is called

Correct Answer production

Your Answer production

Multiple Choice Multiple Answer

Question We say that a nation faces economic problems , under following conditions

Correct Answer Man has unlimited wants or ends , The means or resources to satisfy them are limited , These resources are not specific but have alternative uses

Your Answer Man has unlimited wants or ends , The means or resources to satisfy them are limited , These resources are not specific but have alternative uses

True/False

Question During the period of depression, a large part of a country's resources lie involuntarily idle.

Correct Answer True

Your Answer True

Multiple Choice Single Answer

Question The principle of exclusion cannot be applied to the goods, which are

Correct Answer indivisible

Your Answer indivisible

Select The Blank

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Question If the output rises in the greater proportion than that of the increase in factor inputs, it is referred to as _____.

Correct Answer increasing returns to scale.

Your Answer increasing returns to scale.

Select The Blank

Question Baumol has suggested as an alternative objective for profit maximization , the maximization of _____

Correct Answer sales

Your Answer output

True/False

Question In market period supply is elastic.

Correct Answer False

Your Answer True

Multiple Choice Single Answer

Question The type economic problem is

Correct Answer universal

Your Answer universal

Multiple Choice Multiple Answer

Question The production function studies

Correct Answer Input and out put relation , Factors of production and final production , Technology used in production

Your Answer Factors of production and final production , Technology used in production , Demand for production

Multiple Choice Single Answer

Question Given the price, if the cost of production increases because of higher price of raw materials, the supply

Correct Answer decreases

Your Answer contracts

Multiple Choice Multiple Answer

Question Advantages of Cost-Benefit Analysis

Correct Answer It shows the measures necessary for attaining maximum net wealth , It aims at maximization of social welfare , In this principle, the problem of infinite target value does not arise

Your Answer It aims at maximization of social welfare , In this principle, the problem of infinite target value does not arise , It shows the measures necessary for attaining maximum net wealth

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Multiple Choice Single Answer

Question The act of using goods and services to satisfy wants is called

Correct Answer consumption

Your Answer consumption

True/False

Question Macro-economies is a policy oriented science.

Correct Answer True

Your Answer True

Multiple Choice Single Answer

Question The things that are produced by factors of production are called

Correct Answer commodities

Your Answer commodities

Multiple Choice Single Answer

Question The concept of just distribution of national product is a

Correct Answer normative

Your Answer positive

Multiple Choice Single Answer

Question A responsible factor for inflation is

Correct Answer hike in prices

Your Answer hike in prices

Multiple Choice Single Answer

Question The General Theory of Employment, Interest and Money in 1936 was published by

Correct Answer J.M. Keynes

Your Answer J.M. Keynes

Multiple Choice Single Answer

Question The number of buyers & sellers operating under perfect competition is

Correct Answer large

Your Answer large

Select The Blank

Question Economists like A.C.Harberger have shown that the cost benefit analysis can be applied to _____ analysis.

Correct Answer general equilibrium

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Your Answer general equilibrium

Multiple Choice Single Answer

Question Every nation's resources which are used to produce the quantities of goods and services that would be required to satisfy all its citizen's wants are

Correct Answer insufficient

Your Answer sufficient

True/False

Question The concept of economic profit differs from that of normal profit.

Correct Answer False

Your Answer True

True/False

Question Any point on the production possibility curve indicates under utilization of resources.

Correct Answer False

Your Answer True

True/False

Question Capitalism emphasis more on turnover rather than creating profits

Correct Answer False

Your Answer True

Multiple Choice Single Answer

Question Managerial economics generally refers to the integration of economic theory with business

Correct Answer Practice

Your Answer Practice

True/False

Question Profit should be large enough for a plough – back for business expansion.

Correct Answer True

Your Answer False

Select The Blank

Question The externality which causes an economic gain or an economic loss to other economic units is also referred to as _____ externality.

Correct Answer Pecuniary

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Your Answer Pecuniary

Multiple Choice Multiple Answer

Question The advantage of cost-benefit analysis are

Correct Answer Maximization of social welfare , Objective measurement of the trade-off , Maximization of difference between total benefits & total costs

Your Answer Maximization of social welfare , Objective measurement of the trade-off , Maximization of difference between total benefits & total costs

Select The Blank

Question The goods become _____ only when each individual has an access to the entire amount of it and its use by the individual does not reduce its availability to others.

Correct Answer indivisible

Your Answer indivisible

Multiple Choice Single Answer

Question Managerial economics is also understood to refer to

Correct Answer applied economics

Your Answer applied economics

Multiple Choice Multiple Answer

Question Keynes's theory of employment explains

Correct Answer Effective demand , Aggregate supply , Aggregate demand

Your Answer Effective demand , Aggregate demand , Types of markets

Multiple Choice Multiple Answer

Question Co-operative organizations is

Correct Answer voluntary organization , managed by democratic principle , organization, which performs its business within the members

Your Answer voluntary organization , managed by democratic principle , organization, which performs its business within the members

Select The Blank

Question A fall in price tends the demand for goods to _____

Correct Answer expand

Your Answer increase

Multiple Choice Multiple Answer

Question Features of an Industry are

Correct Answer All firms dealing in the same line of business , The ownership and management of each firm is different , Is a group of firms

MANAGERIAL ECO

Your Answer All firms produce different goods , All firms dealing in the same line of business , The ownership and management of each firm is different

Select The Blank

Question In a market economy _____ is the best judge of personal interest.

Correct Answer individual

Your Answer individual

True/False

Question Under the disinvestments process, there is full transfer of ownership

Correct Answer True

Your Answer False

LIST OF ATTEMPTED QUESTIONS AND ANSWERS

Multiple Choice Multiple Answer

Question Major types of costs are:

Correct Answer Accounting costs , Economic Costs , Opportunity Costs

Your Answer Accounting costs , Economic Costs , Opportunity Costs

True/False

Question If demand falls and supply is constant the equilibrium price falls

Correct Answer True

Your Answer True

Multiple Choice Single Answer

Question In general, the demand for necessities is relatively

Correct Answer inelastic

Your Answer inelastic

Multiple Choice Multiple Answer

Question Explicit costs are:

Correct Answer Out of pocket costs , Expenditure costs , These are firms accounting expenses

Your Answer Expenditure costs , These are firms accounting expenses , Out of pocket costs

Select The Blank

Question Administered _____ are normally set on the basis of cost plus a _____ margin of profit

Correct Answer prices

Your Answer prices

Correct Answer stipulated

Your Answer stipulated

Multiple Choice Multiple Answer

Question In short run period

Correct Answer Supply of goods can be adjusted to the demand to some extent , Some factors can be changed , Supply and demand determine the price

Your Answer Supply of goods can be adjusted to the demand to some extent , Some factors can be changed , Supply and demand determine the price

Multiple Choice Multiple Answer

Question Distinction between private sector and public sector is determined

Correct Answer On the basis of economic system , On the basis of motive , On the basis of principle of pricing

Your Answer On the basis of economic system , On the basis of motive , On the basis of principle of pricing

Select The Blank

Question Cost-benefit analysis refers to the analysis undertaken to judge any projects _____ whether government or private and find out its _____ and facilities its comparison with other available oppor

Correct Answer investments

Your Answer investments

Correct Answer worth

Your Answer worth

Select The Blank

Question The law of diminishing returns states that, 'as the proportion of one factor in a combination of factors is _____ after a point, first the _____ and then the average product of that factor w

Correct Answer increased

Your Answer increased

Correct Answer marginal

Your Answer marginal

Select The Blank

Question The word _____ has different meanings to businessmen, _____ , tax collectors, workers and economists and it is often used in a loose sense that buries its real significance

Correct Answer Profit

Your Answer Profit

Correct Answer accountants

Your Answer accountants

Select The Blank

Question Nominal cost is the _____ cost of production, it is also called expenses of production. The real cost is the _____ cost of production.

Correct Answer money

Your Answer money

Correct Answer opportunity

Your Answer opportunity

Select The Blank

Question Individual or sole _____ , which is also called sole- _____ , or single entrepreneurship is the most common, the simplest and the oldest form of business organisation.

Correct Answer proprietorship

Your Answer proprietorship

Correct Answer trader ship

Your Answer trader ship

True/False

Question Demand for luxury goods is inelastic.

Correct Answer False

Your Answer False

True/False

Question Price discrimination is possible in perfect competition

Correct Answer False

Your Answer False

True/False

Question The externalities or economic effects which flow from the production or use of the goods to other parties or economic units are termed as 'neighborhood effects

Correct Answer True

Your Answer True

Multiple Choice Single Answer

Question In Capitalism, the sovereign consumers express their preferences through

Correct Answer price mechanism

Your Answer price mechanism

Multiple Choice Single Answer

Question If a person is habituated to the consumption of a commodity and if he cannot easily give up its use, demand for it is generally

Correct Answer inelastic

Your Answer inelastic

Multiple Choice Single Answer

Question The main objective of a co- operative organization is

Correct Answer service

Your Answer service

Multiple Choice Single Answer

Question The Government attempts to increase supplies of food grains and other essential goods in times of internal shortage through larger

Correct Answer imports

Your Answer imports

Multiple Choice Single Answer

Question Supply curve shifts to the right side of the original supply curve when increase in

Correct Answer supply

Your Answer supply

Multiple Choice Multiple Answer

Question Features of Perfect Competition

Correct Answer Large number of buyers and sellers , Homogeneous products , Free Entry and Free exit of firms

Your Answer Large number of buyers and sellers , Homogeneous products , Free Entry and Free exit of firms

Multiple Choice Single Answer

Question The study of the working and allocation of resources in the free market economies is the topic in the

Correct Answer theory of price

Your Answer theory of price

Multiple Choice Single Answer

Question Managerial economics is also understood to refer to

Correct Answer applied economics

Your Answer applied economics

Multiple Choice Multiple Answer

Question When is price discrimination possible

Correct Answer In Monopoly Market , In case of Services sold , In case of geographical barriers

Your Answer In case of Services sold , In case of geographical barriers , In case of monopolistic Market

Select The Blank

Question A _____ is an undertaking by a company to repay the borrowed _____ on or before the specified date at a particular interest rate, irrespective of profit or ;loss made by the company

Correct Answer debenture

Your Answer debenture

Correct Answer money

Your Answer money

Select The Blank

Question The _____ that is _____ is the opportunity cost of the commodity produced.

Correct Answer commodity

Your Answer commodity

Correct Answer sacrificed

Your Answer sacrificed

True/False

Question Public enterprises may incur some social costs which private enterprise may not bear.

Correct Answer True

Your Answer True

Multiple Choice Multiple Answer

Question Objectives of economic policy

Correct Answer To increase the efficiency and international competitiveness of industrial production , To improve the performance and rationalize the scope of the public sector , To reform and modernize the financial sector

Your Answer To increase the efficiency and international competitiveness of industrial production , To improve the performance and rationalize the scope of the public sector , To reform and modernize the financial sector

Multiple Choice Multiple Answer

Question Important theories of profits are:

Correct Answer Risk taking theory , Uncertainty-Bearing Theory of profit , Dynamic theory of Profit

Your Answer Risk taking theory , Uncertainty-Bearing Theory of profit , Dynamic theory of Profit

True/False

Question The most significant feature of perfect competition is the existence of an automatic price mechanism

Correct Answer True

Your Answer True

True/False

Question The supply curve slopes downwards from left to right.

Correct Answer False

Your Answer False

Multiple Choice Multiple Answer

Question The fiscal policy includes

Correct Answer Formation of taxation policy , It is an instrument for economic stabilization , Monitoring of public expenditure

Your Answer Formation of taxation policy , It is an instrument for economic stabilization , Monitoring of public expenditure

Multiple Choice Multiple Answer

Question Managerial economics deals with

Correct Answer Integration of economic theory with business practice , Using logic of economics, mathematics & statistics. , The use of economic modes of thought to analyze business solution.

Your Answer Integration of economic theory with business practice , Using logic of economics, mathematics & statistics. , The use of economic modes of thought to analyze business solution.

Multiple Choice Single Answer

Question In economics demand means desire backed by adequate

Correct Answer purchasing power

Your Answer purchasing power

Multiple Choice Single Answer

Question Slope of supply curve is

Correct Answer positive

Your Answer positive

Select The Blank

Question Economics is a _____, which studies human behaviour as a relationship between _____, which have alternative uses.

Correct Answer science

Your Answer science

Correct Answer ends and scarce means

Your Answer ends and scarce means

Select The Blank

Question Consumers protection involves protection from _____ trade practices for the purpose of promoting sales and making money at the cost of the _____ and well being

Correct Answer unfair

Your Answer unfair

Correct Answer consumers health

Your Answer consumers health

True/False

Question In the market, any one who agrees to pay the requisite price of a product would be excluded from their consumption

Correct Answer False

Your Answer True

True/False

Question Price effect is the result of in reality substitution

Correct Answer True

Your Answer True

Multiple Choice Single Answer

Question An industry is a group of firms dealing in the same line of

Correct Answer business

Your Answer business

Multiple Choice Multiple Answer

Question Causes for rise in prices in India

Correct Answer Mounting government expenditure , Deficit financing and increase in money supply , Role of black money

Your Answer Mounting government expenditure , Deficit financing and increase in money supply , Role of black money

Multiple Choice Single Answer

Question The type economic problem is

Correct Answer universal

Your Answer universal

Match The Following

Question Correct Answer Your Answer

Perfectly elastic demand Horizontal demand curve Horizontal demand curve

Relatively elastic demand Motor cars Motor cars

Increase in demand Upward shift of the demand curve Upward shift of the demand curve

Elasticity Degree of responsiveness. Degree of responsiveness.

Unitary elastic demand Unchanged total outlay Unchanged total outlay

25. The effective solution to the problem of internationalizing of externality involves

- a) ☐ Government action
- b) ☐ Private action providing correctives
- c) ☐ Externality taxes
- d) ☐ Subsidies by the government

26.

1. In contrast to J. M. Keynes,	<input type="text"/>	1. Liquidity preference
2. Keynesian analysis takes	<input type="text"/>	2. bird's view of the economic system
3. J. M. Keynes believed in the	<input type="text"/>	3. short run philosophy of life.
4. The speculative motive	<input type="text"/>	4. long run philosophy
		5. the modern economists define effective demand as $C + I + G + (X - M)$.
		6. a general view of the economic system as a whole.

The salary of the proprietor or rent on own land are the .

2. In a market system of an economy, producers are guided by motive.

3. The enterprenuer gets Pure Profit for

- a) ☐ undertaking risk & uncertainty
- b) ☐ for co-ordination & organizing production
- c) ☐ for innovation
- d) ☐ for generating employment

4. According to J.M. Keynes, the equilibrium between the aggregate demand function and the aggregate supply function can, and often does take place at

- a) ☒ less than full employment

- b) ☐ full employment
- c) ☐ unemployment
- d) ☐ over employment

5. In the Long- run, supply of goods can be adjusted to the demand and therefore supply curve is horizontal to the X-axis.

- ☐ True
- ☐ False

6. J.M. Keynes presumed an economic model as a short period model in his analysis.

- ☐ True
- ☐ False

7. Supply curve shifts to the right side of the original supply curve when, the supply

- a) ☐ increases
- b) ☐ decreases
- c) ☐ expands
- d) ☐ contracts

8. The index numbers which measure the changes in the general price level of a country refers to

9. There are no real exceptions to the law of demand

- ☐ True
- ☐ False

10. The registration of a partnership firm is voluntary

- ☐ True

☐ False

11. Features of monopolistic Competition are

- a) ☐ Fairly large number of firms
- b) ☐ Product differentiation
- c) ☐ Different demand and cost curves of firms
- d) ☐ Selling costs are existed

12. Demand for a commodity depends on the relative price of its

13. The law of constant returns to scale is depicted by the marginal output curve which is .

14. A group of firms dealing in the same line of business are called as

- a) ☐ Industry
- b) ☐ Plants
- c) ☐ Trusts
- d) ☐ Co-operative society

15. The products sold by different sellers under pure competition are of

- a) ☐ heterogeneous quality
- b) ☐ exactly the same quality
- c) ☐ very poor quality
- d) ☐ high quality

16. According to the Government, the buildup of inflationary pressure during the Nineties was attributed to

- a) ☐ Higher Fiscal deficit
- b) ☐ Higher Revenue deficit

- c) ☐ Higher Capital deficit
- d) ☐ Higher Trade deficit

17. True inflation starts only after reaching the level of full

- a) ☐ Employment
- b) ☐ Income
- c) ☐ Profit
- d) ☐ Capacity

18. The features of business or trade cycle are

- a) ☐ It is a wave like movement
- b) ☐ These fluctuations are recurrent in nature
- c) ☐ Expansion and contraction in trade cycle are cumulative in effect
- d) ☐ These fluctuations are non-recurrent in nature

19. All the free gifts of nature which are commonly called natural resources are known to economists as

- a) ☐ labor
- b) ☐ Land
- c) ☐ capital
- d) ☐ entrepreneurship

20. Reasons for change in Demand (Increase or Decrease in Demand)

- a) ☐ Change income of consumer
- b) ☐ Change in population
- c) ☐ Change in fashion and customs

d) ☐ Change in import duty

21. **The externalities that may be an economic gain or economic losses to other economic units are referred to as technological externalities.**

☐ True

☐ False

22. **Quantitative credit control measures are**

a) ☐ open market operations

b) ☐ changes in bank rates

c) ☐ changes in statutory reserve ratio

d) ☐ moral suasion

23. **Given the price, if the cost of production of a commodity decreases because of the use of improved technique of production, there will be increase in supply.**

☐ True

☐ False

24. **The firm may be defined as**

a) ☐ an independently administered business unit

b) ☐ centre where the decisions about what to produce how to produce are taken

c) ☐ a business unit, which hires resources for production

d) ☐ a group of different industries

25. **Under perfect competition single seller can influence the price.**

☐ True

☐ False

26. **Assumptions of group equilibrium under Monopolistic Competition are**

- a) ☐ Competing firms are selling more or less the same product
- b) ☐ The share of every firm in the total sales is equal
- c) ☐ All firms are working with same efficiency
- d) ☐ All firms share transportation cost

27. All the man made resources which are used in the process of making other goods and services are called

- a) ☐ labor
- b) ☐ capital
- c) ☐ land
- d) ☐ enterprises

28. Characteristics of the phase of Depression are

- a) ☐ Decrease in economic activities
- b) ☐ The growth rate becomes negative
- c) ☐ The level of national income declines rapidly
- d) ☐ The level of unemployment decreases rapidly

29. Managerial economics aims at providing help in the firms is

- a) ☐ solving the problem of inequality
- b) ☐ decision making
- c) ☐ solving the problem of educated unemployment
- d) ☐ alleviation of poverty

30. In a market economy is the best judge of personal interest.

31. The prosperity phase is characterized by rise in the level of employment.

- ☐ True
- ☐ False

32. Like all organism, the firm too is an organism according to the

33. Demand for safety pins is

34. Inflation is characterized by demand which is in

- a) ☐ surplus
- b) ☐ deficit
- c) ☐ excess of output
- d) ☐ excess of supply

35. A firm is a unit of production, where production is done with the aim to maximize

- a) ☐ profits
- b) ☐ output
- c) ☐ sale
- d) ☐ costs

36. The factors of production are

- a) ☐ Labour
- b) ☐ Land
- c) ☐ Capital
- d) ☐ Profit

37. Price discrimination is possible in perfect competition

- ☐ True

☐ False

38. As far as its use is concerned, the defence service can be categorized as:

- a) ☐ Divisible
- b) ☐ Indivisible
- c) ☐ Voluntary
- d) ☐ Priced

39. Economic problem is faced by poor countrys only.

- ☐ True
- ☐ False

40. In a market system of economy, there is no harmony between individual interests and interests of the community.

- ☐ True
- ☐ False

41. Economic problem does not arise in case of a rich country.

- ☐ True
- ☐ False

42. In case of increase in the income, the rich person's demand for goods will be

- a) ☐ more
- b) ☐ less
- c) ☐ will not change
- d) ☐ will decrease from present.

43. According to Keynes there are three motives for holding cash for liquidity preference

- a) ☐ the transactions motive
- b) ☐ the precautionary motive
- c) ☐ the speculative motive
- d) ☐ the profit motive

44. Price of a product under perfect competition is determined by the interaction of total supply and

- a) ☐ total demand
- b) ☐ total cost
- c) ☐ variable cost
- d) ☐ total revenue

45. In a market economy, a firm in the private sector basically aims at maximization of

- a) ☐ money profits
- b) ☐ output levels
- c) ☐ sales
- d) ☐ efficiency

46. The demand curve (A.R.) of a firm under perfect competition is

- a) ☐ inelastic
- b) ☐ perfectly elastic
- c) ☐ perfectly inelastic
- d) ☐ elastic

47.

1. Excess supply can be defined as

1. quantity demanded greater than supplied

2. Tea and sugar	<input type="text"/>	2. quantity supplied minus quantity demanded.
3. Excess demand can be defined as	<input type="text"/>	3. Complimentary goods
4. Equilibrium price is the price where the	<input type="text"/>	4. quantity demanded equals quantity supplied
		5. Substitute goods
		6. quantity demanded minus quantity supplied

48.

1. Managerial economics	<input type="text"/>	1. Decision making and forward planning
2. Resources	<input type="text"/>	2. Abundant
3. Commodities	<input type="text"/>	3. Goods and services
4. Human wants	<input type="text"/>	4. Unlimited
		5. Limited
		6. Scarce

49.

The out of pocket costs are .

50. Economic problem arises only in case of an overpopulated country.

- ☐ True
☐ False

51.

The costs which cover the cost of advertising is .

52.

Sole Proprietorship which is also called sole .

53. Economic problem is universal in nature

- ☐ True
☐ False

54. Features of Market are

- a) ☐ Place where buyers and sellers meet each other
b) ☐ A building where a number of shops dealing in a particular commodity exist

- c) ☐ A place where transaction of goods and services is undertaken
- d) ☐ A place where people transact goods and services

55. Scarcity of resources is the root cause of economic problem.

- ☐ True
- ☐ False

56. Equilibrium is the stage of

- a) ☐ maximum satisfaction
- b) ☐ imbalance
- c) ☐ balance
- d) ☐ stationary

57. The question regarding the nature and quantities of commodities to be produced is solely restricted to capitalist economies.

- ☐ True
- ☐ False

LIST OF ATTEMPTED QUESTIONS AND ANSWERS

Select The Blank

Question The salary of the proprietor or rent on own land are the _____.

Correct Answer Implicit cost

Your Answer Implicit cost

Select The Blank

Question In a market system of an economy, producers are guided by _____ motive.

Correct Answer profit

Your Answer profit

Multiple Choice Single Answer

Question All the man made resources which are used in the process of making other goods and services are called

Correct Answer capital

Your Answer capital

Multiple Choice Single Answer

Question Managerial economics aims at providing help in the firms is

Correct Answer decision making

Your Answer decision making

Select The Blank

Question In a market economy _____ is the best judge of personal interest.

Correct Answer individual

Your Answer public

True/False

Question The prosperity phase is characterized by rise in the level of employment.

Correct Answer True

Your Answer True

Select The Blank

Question Like all organism, the firm too is an organism according to the _____

Correct Answer life-cycle theory.

Your Answer theory by Joel Dean

Select The Blank

Question Demand for safety pins is _____

Correct Answer inelastic

Your Answer perfectly elastic

Multiple Choice Single Answer

Question Inflation is characterized by demand which is in

Correct Answer excess of supply

Your Answer surplus

Multiple Choice Single Answer

Question A firm is a unit of production, where production is done with the aim to maximize

Correct Answer profits

Your Answer profits

Multiple Choice Multiple Answer

Question The factors of production are

Correct Answer Labour , Land , Capital

Your Answer Labour , Land , Capital

True/False

Question Price discrimination is possible in perfect competition

Correct Answer False

Your Answer False

True/False

Question Economic problem is faced by poor countrys only.

Correct Answer False

Your Answer False

True/False

Question Economic problem does not arise in case of a rich country.

Correct Answer False

Your Answer False

Multiple Choice Single Answer

Question In case of increase in the income, the rich person's demand for goods will be

Correct Answer more

Your Answer more

Multiple Choice Multiple Answer

Question	According to Keynes there are three motives for holding cash for liquidity preference
Correct Answer	the transactions motive , the precautionary motive , the speculative motive
Your Answer	the precautionary motive , the speculative motive , the profit motive

Multiple Choice Single Answer

Question	Price of a product under perfect competition is determined by the interaction of total supply and
Correct Answer	total demand
Your Answer	total demand

Multiple Choice Single Answer

Question	The demand curve (A.R.) of a firm under perfect competition is
Correct Answer	perfectly elastic
Your Answer	perfectly elastic

Match The Following

Question	Correct Answer	Your Answer
Equilibrium price is the price where the	quantity demanded equals quantity supplied	quantity demanded equals quantity supplied
Excess supply can be defined as	quantity supplied minus quantity demanded.	quantity supplied minus quantity demanded.
Tea and sugar	Complimentary goods	Complimentary goods
Excess demand can be defined as	quantity demanded minus quantity supplied	quantity demanded greater than supplied

Match The Following

Question	Correct Answer	Your Answer
Human wants	Unlimited	Unlimited
Managerial economics	Decision making and forward planning	Decision making and forward planning
Resources	Scarce	Scarce
Commodities	Goods and services	Limited

True/False

Question	Economic problem arises only in case of an overpopulated country.
----------	---

Correct Answer False

Your Answer False

Select The Blank

Question Sole Proprietorship which is also called sole _____

Correct Answer tradership

Your Answer tradership

True/False

Question Economic problem is universal in nature

Correct Answer True

Your Answer True

True/False

Question Scarcity of resources is the root cause of economic problem.

Correct Answer True

Your Answer False

True/False

Question The question regarding the nature and quantities of commodities to be produced is solely restricted to capitalist economies.

Correct Answer False

Your Answer False

Multiple Choice Multiple Answer

Question The enterprenuer gets Pure Profit for

Correct Answer undertaking risk & uncertainty , for co-ordination & organizing production , for innovation

Your Answer undertaking risk & uncertainty , for co-ordination & organizing production , for innovation

Multiple Choice Single Answer

Question According to J.M. Keynes, the equilibrium between the aggregate demand function and the aggregate supply function can, and often does take place at

Correct Answer less than full employment

Your Answer full employment

True/False

Question	In the Long- run, supply of goods can be adjusted to the demand and therefore supply curve is horizontal to the X-axis.
Correct Answer	False
Your Answer	False

True/False

Question	J.M. Keynes presumed an economic model as a short period model in his analysis.
Correct Answer	True
Your Answer	True

Multiple Choice Single Answer

Question	Supply curve shifts to the right side of the original supply curve when, the supply
Correct Answer	increases
Your Answer	increases

Select The Blank

Question	The index numbers which measure the changes in the general price level of a country refers to _____
Correct Answer	Wholesale prices index
Your Answer	Wholesale prices index

True/False

Question	There are no real exceptions to the law of demand
Correct Answer	False
Your Answer	False

True/False

Question	The registration of a partnership firm is voluntary
Correct Answer	True
Your Answer	True

Multiple Choice Multiple Answer

Question	Features of monopolistic Competition are
Correct Answer	Fairly large number of firms , Product differentiation , Selling costs are existed
Your Answer	Fairly large number of firms , Product differentiation , Selling costs are existed

Select The Blank

Question	Demand for a commodity depends on the relative price of its _____
Correct Answer	substitute goods
Your Answer	complimentary goods

Multiple Choice Single Answer

Question	A group of firms dealing in the same line of business are called as
Correct Answer	Industry
Your Answer	Industry

Multiple Choice Single Answer

Question	The products sold by different sellers under pure competition are of
Correct Answer	exactly the same quality
Your Answer	exactly the same quality

Multiple Choice Single Answer

Question	According to the Government, the buildup of inflationary pressure during the Nineties was attributed to
Correct Answer	Higher Fiscal deficit
Your Answer	Higher Fiscal deficit

Multiple Choice Single Answer

Question	True inflation starts only after reaching the level of full
Correct Answer	Employment
Your Answer	Employment

Multiple Choice Multiple Answer

Question	The features of business or trade cycle are
Correct Answer	It is a wave like movement , These fluctuations are recurrent in nature , Expansion and contraction in trade cycle are cumulative in effect
Your Answer	It is a wave like movement , These fluctuations are recurrent in nature , Expansion and contraction in trade cycle are cumulative in effect

Multiple Choice Single Answer

Question	All the free gifts of nature which are commonly called natural resources are known to economists as
----------	---

Correct Answer Land

Your Answer Land

Multiple Choice Multiple Answer

Question Reasons for change in Demand (Increase or Decrease in Demand)

Correct Answer Change income of consumer , Change in population , Change in fashion and customs

Your Answer Change income of consumer , Change in population , Change in fashion and customs

Multiple Choice Multiple Answer

Question Quantitative credit control measures are

Correct Answer open market operations , changes in bank rates , changes in statutory reserve ratio

Your Answer open market operations , changes in bank rates , changes in statutory reserve ratio

True/False

Question Given the price, if the cost of production of a commodity decreases because of the use of improved technique of production, there will be increase in supply.

Correct Answer True

Your Answer True

Multiple Choice Multiple Answer

Question The firm may be defined as

Correct Answer an independently administered business unit , centre where the decisions about what to produce how to produce are taken , a business unit, which hires resources for production

Your Answer centre where the decisions about what to produce how to produce are taken

True/False

Question Under perfect competition single seller can influence the price.

Correct Answer False

Your Answer False

Multiple Choice Multiple Answer

Question Assumptions of group equilibrium under Monopolistic Competition are

Correct Answer Competing firms are selling more or less the same product , The share of every firm in the total sales is equal , All firms are working with same efficiency

Your Answer Competing firms are selling more or less the same product , The share of every firm in the total sales is equal , All firms are working with same efficiency

Management Economics

1 Reference Books

QUESTION BANK

Maximum MARKS : 100

Note: 1) Solve any Ten questions.

2) All questions carry equal marks.

3) Draw diagrams / tables wherever necessary.

4) Give illustrations wherever necessary.

Q.1 What is Managerial Economics? Explain the nature and scope of Managerial economics.

Or

What is a Joint Stock Company? Explain the merits and demerits of a Joint Stock Company.

Or

Explain the basic economic problems that are faced by various types of economies.

Q.2 Briefly review various theories of profit

Or

Briefly review various organisational goals (objectives) of business firms.

Q.3 State and explain the law of demand. What are its exceptions?

Q.4 State and explain the law of supply. What are its exceptions?

Q.5 Answer briefly **any four** of the following :

a) How would you distinguish between a firm and an industry?

b) What are the determinants of demand?

c) Explain the features of monopoly.

d) What is the difference between actual cost and opportunity cost?

e) What is the rationale behind disinvestment?

f) What is consumption function?

g) State the causes of inflation.

h) Explain the traditional concept of Equilibrium of a firm.

i) Explain equilibrium conditions of a firm with M.R. and M.C. curves.

j) What is Aggregate Demand?

k) Explain the equilibrium of a firm with the help of TR and TC curves.

l) What is Aggregate Supply?

m) What are the criterion to be considered while setting the standards for a

‘reasonable profit’?

Q.6 State and explain the Law of Variable Proportion.

Q.7 What is demand forecasting? Briefly review the methods of demand forecasting.

Or

2 Managerial Economics

What is price elasticity of demand? Explain the methods of measurement of price elasticity of demand.

Or

Explain Lord J.M. Keynes’ view of equilibrium attained at less than full employment level.

Q.8 Briefly review the measures taken by the government to control prices in India.

Q.9 Define ‘Business Cycle’. Explain various phases of business cycle.

Q.10 Explain the Laws of Returns to Scale.

Q.11 Explain how price is determined under perfect competition.

Or

Explain how price is determined under Monopoly.

Q.12 Give an idea about the New Industrial Policy (1991) in India.

Q.13 What is meant by Economies of Scale? Explain with illustration the Internal and External Economies of Scale.

Or

Explain with illustration the characteristics of Monopolistic Competition.

Q.14 Explain the causes of the inflation. What are the consequences of inflation?

Q.15 Write notes on. **(Any Two)**

- a) Support prices and administered prices
- b) Economic Liberalization
- c) Monetary Policy
- d) Economic Problem and its universal nature
- e) Distinction between Private Enterprise and Public Enterprise

- f) Effective Demand
- g) Disinvestment of Public Sector Undertakings in India
- h) Protection of Consumer interest
- i) Variation in demand and change in demand
- j) Elasticity of Supply

LIST OF ATTEMPTED QUESTIONS AND ANSWERS

Multiple Choice Single Answer

Question Who said, "Management is management of Men, Money, Machinery Materials and Information?"

Correct Answer Anonymous

Your Answer Anonymous

Multiple Choice Single Answer

Question Who said, "Management is the creation and maintenance of internal environment in an enterprise, where individuals working in groups can perform efficiently and effectively towards the attainment of gr

Correct Answer Koontz & O 'Donell

Your Answer Koontz & O 'Donell

Multiple Choice Single Answer

Question Who said, "Management is a multiple organ that manages a business, manages a manager and manages workers and work"?

Correct Answer Peter Drucker

Your Answer Peter Drucker

Multiple Choice Single Answer

Question One of the external environment factors that influences Management is

Correct Answer Legal

Your Answer Legal

Match The Following

Question Correct Answer Your Answer

Management is a multipurpose organ That manages a business Has no centralized rule-making authority

Management is understood by performance Management is what management does Management is what management does

Management requires learning Art requires knowledge Art requires knowledge

Science is developed Over a period of time Over a period of time

Management as a discipline Has no centralized rule-making authority That manages a business

True/False

Question Professional management signifies separation of ownership and management.

Correct Answer True

Your Answer True

Select The Blank

Question Management is a creative and _____ process.

Correct Answer continuous

Your Answer continuous

True/False

Question Fast food chains are not a corporatised service.

Correct Answer False

Your Answer False

Multiple Choice Single Answer

Question Services need support functions to assist its operation, they are

Correct Answer transport, telecom, power

Your Answer transport, telecom, power

Multiple Choice Single Answer

Question How many event management companies are there in Pune?

Correct Answer 215

Your Answer 215

Multiple Choice Single Answer

Question Allianz AG has collaborated with which Indian partner?

Correct Answer BAJAJ

Your Answer TATA

Multiple Choice Single Answer

Question What is to be done to all functions of insurance such as marketing, finance etc so that the balance is achieved in insurance?

Correct Answer co-ordinating

Your Answer co-ordinating

Select The Blank

Question Disclosures should provide_____and relevant data to shareholders.

Correct Answer transparent

Your Answer transparent

Select The Blank

Question The directors should show_____and commitment to their job.

Correct Answer interest

Your Answer determination

Multiple Choice Single Answer

Question The important point to be noted under the definition of learning organizations is

Correct Answer Development of collective as well as individual learning

Your Answer Development of collective as well as individual learning

Multiple Choice Single Answer

Question What is the authority for the SBU which is delegated to each person heading it, and can adapt quickly to any environmental change?

Correct Answer Decision-making

Your Answer Co-ordination

Multiple Choice Multiple Answer

Question An SBU is an independent business with a coherent set of

Correct Answer products , competitors , objectives

Your Answer products , competitors , objectives

Multiple Choice Single Answer

Question Who is the father of Intelligence Quotient ?

Correct Answer Alfred Bennet

Your Answer Alfred Bennet

True/False

Question Lower level managers need EQ most.

Correct Answer False

Your Answer False

True/False

Question Emotional distress shrinks working memory.

Correct Answer True

Your Answer True

Select The Blank

Question _____ is the reason for the rising importance of empathy for business leaders.

Correct Answer Globalisation

Your Answer Entrepreneurship

Multiple Choice Multiple Answer

Question Some of the management functions mentioned by Henry Fayol are :

Correct Answer Planning , Control , Co-ordination

Your Answer Planning , Control , Co-ordination

Multiple Choice Multiple Answer

Question The factors coming under philosophy of scientific management are:

Correct Answer Co-operation , Maximum output , Harmony

Your Answer Co-operation , Maximum output , Harmony

Select The Blank

Question Philosophy of scientific management says that science is not a rule of _____.

Correct Answer Thumb

Your Answer Thumb

Select The Blank

Question _____ is one of the major barriers to entry.

Correct Answer Government policy

Your Answer Government policy

True/False

Question Robert Owen was a railroad builder in America.

Correct Answer False

Your Answer False

True/False

Question India should borrow management skill from other countries but one should never borrow the use of the mechanical arts and applied sciences -

Correct Answer False

Your Answer False

True/False

Question Business families have started spending more on research and development.

Correct Answer True

Your Answer True

Multiple Choice Multiple Answer

Question Under the role of management consultant, consultant acts as a

Correct Answer Motivator , Leader , Counselor

Your Answer Motivator , Leader , Counselor

Multiple Choice Single Answer

Question A vision statement should have which option among the following components.

Correct Answer Precise and objective

Your Answer Precise and objective

Multiple Choice Single Answer

Question Planning is imperative in which type of environment

Correct Answer Uncertain

Your Answer Uncertain

Multiple Choice Multiple Answer

Question Objectives can be classified as

Correct Answer On the basis of time , On the basis of functions , On the basis of levels

Your Answer On the basis of goals , On the basis of time , On the basis of functions , On the basis of levels

Multiple Choice Multiple Answer

Question The process of forecasting is based on

Correct Answer Future trends , Current analysis , Past performance

Your Answer Future trends , Current analysis , Past performance

Multiple Choice Multiple Answer

Question Principles of effective delegation are:

Correct Answer Train the subordinates , Reward delegation , Appropriate reporting system

Your Answer Train the subordinates , Reward delegation , Appropriate reporting system

Multiple Choice Multiple Answer

Question Advantages of delegation of authority would be:

Correct Answer Prompt decision making , Opportunity to subordinates to grow and develop , Satisfaction to subordinates in terms of recognition

Your Answer Prompt decision making , Opportunity to subordinates to grow and develop , Satisfaction to subordinates in terms of recognition

Select The Blank

Question Costliness of the _____ is the overriding factor determining the extent of decentralization.

Correct Answer Decision

Your Answer Controlling

Multiple Choice Single Answer

Question Organization is apart of which type of system?

Correct Answer Social

Your Answer Social

Multiple Choice Multiple Answer

Question Elements of direction are

Correct Answer maintaining discipline , motivation of subordinates , rewarding good performance

Your Answer maintaining discipline , motivation of subordinates

True/False

Question Every manager in an organisation gives direction to his subordinates as a superior and receives direction as subordinate from his superior.

Correct Answer True

Your Answer True

Select The Blank

Question Maintaining discipline and _____ those who perform properly, is an element of direction.

Correct Answer controlling

Your Answer rewarding

Multiple Choice Single Answer

Question Just like planning, controlling process can achieve the objective and goals, if it is

Correct Answer Continuous

Your Answer Continuous

Multiple Choice Multiple Answer

Question Certain important motivational techniques are

Correct Answer Monetary incentives , Job-based techniques , MBO techniques

Your Answer Security technique , Monetary incentives , Job-based techniques

Multiple Choice Multiple Answer

Question David C Mc Celland identified three motives those are

Correct Answer Affiliation , Power , Achievement

Your Answer Affiliation , Power , Achievement

True/False

Question According to Theory Y, people lack self-motivation and require to be externally controlled and closely supervised in order to get the maximum output for them.

Correct Answer False

Your Answer False

True/False

Question Safety needs are those where the person feel important and must also receive recognition from others.

Correct Answer False

Your Answer False

Select The Blank

Question Positive motivation makes people willing to do their work in the best way they can and improve their _____.

Correct Answer performance

Your Answer productivity

Match The Following

Question Correct Answer Your Answer

Theory X Both men and boss participate and jointly determine each individual's major areas of responsibility. People do not have ambitions and they try to shirk responsibility

Theory Y People do not have ambitions and they try to shirk responsibility The average human beings, under proper conditions, do not shirk responsibility.

MBO technique Autocratic, democratic styles of leadership have their own implications for employee motivation. Both men and boss participate and jointly determine each individual's major areas of responsibility.

Leadership Technique The average human beings, under proper conditions, do not shirk responsibility. Autocratic, democratic styles of leadership have their own implications for employee motivation.

LIST OF ATTEMPTED QUESTIONS AND ANSWERS

Select The Blank

Question Sole Proprietorship which is also called sole _____

Correct Answer tradership

Your Answer tradership

Multiple Choice Single Answer

Question A group of firms dealing in the same line of business are called as

Correct Answer Industry

Your Answer Industry

Multiple Choice Single Answer

Question Firm is an

Correct Answer economic unit

Your Answer industrial unit

Select The Blank

Question Output rises in a lesser proportion to that of the increase in input, under the case of _____.

Correct Answer decreasing returns to scale

Your Answer decreasing returns to scale

True/False

Question Under perfect competition there are large number of buyers and few sellers.

Correct Answer False

Your Answer False

Multiple Choice Single Answer

Question Every nation's resources which are used to produce the quantities of goods and services that would be required to satisfy all its citizen's wants are

Correct Answer insufficient

Your Answer insufficient

Multiple Choice Single Answer

Question When more units of a commodity are purchased in response to decline in price of that commodity, it is called as expansion of

Correct Answer demand

Your Answer demand

True/False

Question Inflation is a great opportunity for merchants to earn more profit.

Correct Answer True

Your Answer True

Multiple Choice Single Answer

Question $Q = f(N, L, K, T)$, this algebraic expression is used for

Correct Answer Production Function

Your Answer Production Function

Multiple Choice Single Answer

Question Managerial economics generally refers to the integration of economic theory with business

Correct Answer Practice

Your Answer Practice

Match The Following

Question Correct Answer Your Answer

Decrease in Demand Leftward shift of the demand curve Leftward shift of the demand curve

Contraction of Demand Upward movement on the demand curve Upward movement on the demand curve

Increase in demand Upward shift of the demand curve Upward shift of the demand curve

Extension of demand Downward movement on the demand curve Downward movement on the demand curve

Multiple Choice Multiple Answer

Question Effective Demand covers

Correct Answer Consumption outlay for the households , Investment outlay in the private sector , Government's spending for consumption as well as investment

Your Answer Consumption outlay for the households , Investment outlay in the private sector , How a consumer effectively demand the good in the market

True/False

Question A supply schedule is a graphical presentation of supply patterns.

Correct Answer False

Your Answer False

Multiple Choice Multiple Answer

Question Assumptions underlying the law of Supply are

Correct Answer The cost of production is unchanged , No change in technique of production , Government policies are unchanged

Your Answer The cost of production is unchanged , No change in technique of production , Government policies are unchanged

Multiple Choice Multiple Answer

Question Every nation, poor or rich small or great has to face basic economic problem that is

Correct Answer what commodities to produce and in what quantities? , by what methods are the commodities produced? , Is purchasing power of money & savings constant or is it being eroded because of inflation?

Your Answer what commodities to produce and in what quantities? , by what methods are the commodities produced? , Is purchasing power of money & savings constant or is it being eroded because of inflation?

Multiple Choice Single Answer

Question The type economic problem is

Correct Answer universal

Your Answer universal

Multiple Choice Single Answer

Question In economics, demand means desire backed by adequate

Correct Answer purchasing power

Your Answer purchasing power

Select The Blank

Question The goods become _____ only when each individual has an access to the entire amount of it and its use by the individual does not reduce its availability to others.

Correct Answer indivisible

Your Answer indivisible

True/False

Question Micro-economics theory studies how a free enterprise economy determines the price of goods and services.

Correct Answer False

Your Answer False

Select The Blank

Question Cost-Benefit analysis aims at _____ of social wealth.

Correct Answer maximization

Your Answer maximization

Multiple Choice Multiple Answer

Question Exceptions to the Law of Demand are

Correct Answer Giffen goods , Articles of snob appeal , Speculation

Your Answer Giffen goods , Articles of snob appeal , Speculation

Select The Blank

Question The minimum number of directors which public limited should have is _____.

Correct Answer 3

Your Answer 3

Multiple Choice Multiple Answer

Question The railways use a lot of coal in firing the steam locomotives. This act causes

Correct Answer a lot of sufferings to the people near the railway. , cost to the society. , no cost to the railways.

Your Answer a lot of sufferings to the people near the railway. , cost to the society. , affects the railways

Multiple Choice Multiple Answer

Question Phases of business cycle

Correct Answer Expansion , Peak , Recession

Your Answer Expansion , Peak , Recession , Trough

Multiple Choice Single Answer

Question If a person is habituated to the consumption of a commodity and if he cannot easily give up its use, demand for it is generally

Correct Answer inelastic

Your Answer inelastic

Multiple Choice Multiple Answer

Question Gross Profit includes

Correct Answer remuneration for the factors of production paid by the entrepreneur , depreciation and maintenance charges , net profit
Your Answer remuneration for the factors of production paid by the entrepreneur , depreciation and maintenance charges , net profit

True/False

Question Demand curve slopes downwards from left to right.

Correct Answer True

Your Answer True

True/False

Question In case of a Joint Stock Company the liability of the share holders is unlimited.

Correct Answer False

Your Answer False

Multiple Choice Multiple Answer

Question Main aims of the New Industrial Policy (1991) are

Correct Answer To unshackle the indian industrial economy from the cobwebs of unnecessary bureaucratic control , To introduce liberalization with a view to integrate the indian economy with the world economy , To remove restrictions on direct foreign investment as also to free the domestic entrepreneur from the restriction of MRTP act

Your Answer To unshackle the indian industrial economy from the cobwebs of unnecessary bureaucratic control , To introduce liberalization with a view to integrate the indian economy with the world economy , To remove restrictions on direct foreign investment as also to free the domestic entrepreneur from the restriction of MRTP act

Multiple Choice Multiple Answer

Question The promoters of a company can get incorporated by filing with the registrar of companies various documents such as

Correct Answer Memorandum of Association , Articles of Association , Prospectus

Your Answer Memorandum of Association , Articles of Association

Multiple Choice Single Answer

Question Which statement is true about Pure Private goods

Correct Answer Principle of Exclusion applies to them

Your Answer Principle of Exclusion applies to them

Multiple Choice Single Answer

Question Managerial economics is also understood to refer to

Correct Answer applied economics

Your Answer applied economics

Multiple Choice Multiple Answer

Question Internal Economies involves

Correct Answer Advantages of large-scale production , Low cost of production , It avails benefits of cheaper finance

Your Answer Advantages of large-scale production , Low cost of production , It avails benefits of cheaper finance

True/False

Question In case of decrease in supply, the supply curve shifts to left side of the original supply curve.

Correct Answer True

Your Answer True

Select The Blank

Question The chemical effluents recklessly released by a chemical factory in the river causing water pollution, is an example of _____ cost.

Correct Answer social

Your Answer environmental

Select The Blank

Question In a market economy _____ is the best judge of personal interest.

Correct Answer individual

Your Answer individual

True/False

Question During periods of inflation, the income of farmers as a class decreases.

Correct Answer True

Your Answer False

Multiple Choice Multiple Answer

Question The features of a Joint Stock-Company are

Correct Answer perpetual succession , limited liability , free transferability of shares

Your Answer perpetual succession , limited liability , free transferability of shares

Multiple Choice Single Answer

Question Managerial economics aims at providing guidance to the firms for

Correct Answer decision making

Your Answer decision making

Multiple Choice Single Answer

Question $TR - (W+R+I+M)$, this equation is used for calculating

Correct Answer Accounting Profit

Your Answer Accounting Profit

Multiple Choice Multiple Answer

Question At the level of the society, the macro economic objectives are

Correct Answer economic stabilization , employment generation , poverty reduction

Your Answer economic stabilization , employment generation , minimization of production cost

Select The Blank

Question A private limited company can be formed with 2 to 50 members maximum, excluding _____

Correct Answer employee shareholders

Your Answer employee shareholders

Multiple Choice Single Answer

Question In the law of variable proportion, a stage is reached when marginal product is

Correct Answer zero

Your Answer zero

True/False

Question The externalities that may be an economic gain or economic losses to other economic units are referred to as technological externalities.

Correct Answer False

Your Answer False

Select The Blank

Question The persons who own the _____hip concern are called Partners.

Correct Answer Partners

Your Answer Partners

Select The Blank

Question In a market system of an economy, producers are guided by _____ motive.

Correct Answer profit

Your Answer profit

Match The Following

Question Correct Answer Your Answer

Paid - up capital is that part of the subscribed capital which the public directly pay - up to the company, as part payment of the share which the public directly pay - up to the company, as part payment of the share

Authorized capital refers to the maximum amount which can be raised by a company by selling shares. the maximum amount which can be raised by a company by selling shares.

Issued capital refers to that part public of the authorized capital which is issued for subscription by dividing into shares. which is issued for subscription by dividing into shares.

Subscribed Capital is that part of the issued capital which is actually subscribed by the public. that part of the issued capital which is actually subscribed by the public.

LIST OF ATTEMPTED QUESTIONS AND ANSWERS ME1

Question In India, the first phase of economic reforms is believed to have begun in 1985 when Vishwanath Pratap Singh was the Prime Minister of the country.

Correct Answer False

Your Answer False

Question Price discrimination is possible in case of

Correct Answer public utilities with legal sanction , personnel services sold , geographical barriers

Your Answer public utilities with legal sanction , personnel services sold , geographical barriers

Question The methods of calculating depreciation is

Correct Answer Diminishing Balance Method , Annuity Method , Service Unit Method

Your Answer Diminishing Balance Method , Annuity Method , Service Unit Method

Question Correct Answer Your Answer

Break even point $T.R. = T.C.$ $T.R. = T.C.$

Normal profit Implicit cost Short run cost

Average variable cost (A.V.C.) Short run cost Explicit cost

Change in supply Increase and decrease in supply Expansion and contraction of supply

Question A competitive industry has three basic characteristics

Correct Answer Large Number of Firms , Homogeneous Product , Free entry and exit

Your Answer Large Number of Firms , Homogeneous Product , Free entry and exit

Question To solve the unemployment problem , the level of effective demand must decrease.

Correct Answer False

Your Answer True

Question The act of using goods and services to satisfy wants is called

Correct Answer consumption

Your Answer consumption

Question The minimum number of directors which public limited should have is

Correct Answer 3

Your Answer 3

Question The factors of production are

Correct Answer Labour , Land , Capital

Your Answer Labour , Land , Profit

Question Economists have pointed out that the real world is full of

Correct Answer Imperfect competition

Your Answer Monopolistic competition

Question According to J.M. Keynes, the equilibrium between the aggregate demand function and the aggregate supply function can, and often does take place at

Correct Answer less than full employment

Your Answer full employment

Question Important theories of profits are

Correct Answer Uncertainty-bearing theory of profit , Dynamic theory of profit , Life cycle theory

Your Answer Risk taking theory , Uncertainty-bearing theory of profit , Dynamic theory of profit

Question The things that are produced by factors of production are called

Correct Answer commodities

Your Answer commodities

Question Demand is determined by

Correct Answer Price of the product , Relative prices of other goods , Tastes and habits

Your Answer Price of the product , Relative prices of other goods , Tastes and habits

Question The necessary condition of profit maximization of a firm is that Marginal Revenue (M.R) must be equal to _____.

Correct Answer Marginal cost (M.C)

Your Answer Marginal cost (M.C)

Question The concept of just distribution of national product is a

Correct Answer normative

Your Answer objective

Question Dalal Street in Bombay is known as

Correct Answer Bombay Stock Exchange

Your Answer Bombay Stock Exchange

Question The type economic problem is

Correct Answer universal

Your Answer universal

Question Preference share holders get a rate of dividend which is

Correct Answer fixed

Your Answer high

Question The act of making goods and services is called

Correct Answer production

Your Answer production

Question Contraction of supply is traced by the downward movement on the supply curve

Correct Answer True

Your Answer True

Question Baumol has suggested as an alternative objective for profit maximization , the maximization of _____

Correct Answer sales

Your Answer sales

Match The Following

Question Correct Answer Your Answer

Commodities goods and services goods and services

Human wants unlimited unlimited

General Theory of Employment, Interest and Money J. M. Keynes J. M. Keynes

Managerial economics Decision making and forward planning Decision making and forward planning

Resources scarce scarce

Question In the traditional concept of equilibrium, a firm attains the equilibrium when the firm's Total Revenue (T.R.) = Total Cost (T.C.).

Correct Answer False

Your Answer True

Question Under cost plus pricing

Correct Answer The price is set to cover material, labour cost, Actual costs, standard costs are included, Certain percentage of profit also included

Your Answer The price is set to cover material, labour cost, Actual costs, standard costs are included, Certain percentage of profit also included

Question In economics, supply is considered to be a

Correct Answer relative term

Your Answer relative term

Question In economics the question related to the selection of methods with which commodities are produced is a subject matter of

Correct Answer theory of production

Your Answer theory of production

Question Under the decreasing returns to scale, the marginal output curve slopes

Correct Answer downward

Your Answer downward

Question Managerial economics generally refers to the integration of economic theory with business

Correct Answer Practice

Your Answer Practice

Question Steps in cost benefit analysis

Correct Answer Identification of a project, Formulation of the project, Appraisal and selection of the project

Your Answer Identification of a project, Formulation of the project, Appraisal and selection of the project

Question Slope of supply curve is

Correct Answer positive

Your Answer positive

Question The salary of the proprietor or rent on own land are the _____.

Correct Answer Implicit cost

Your Answer Implicit cost

Question The profits which must be deducted from the gross profits to arrive at net profits are

Correct Answer Monopoly Profits

Your Answer Monopoly Profits

Question We say that a nation faces economic problems, under following conditions

Correct Answer Man has unlimited wants or ends , The means or resources to satisfy them are limited , These resources are not specific but have alternative uses

Your Answer Man has unlimited wants or ends , The means or resources to satisfy them are limited , These resources are not specific but have alternative uses

Question A shift in the demand curve to the left shows increase in demand.

Correct Answer False

Your Answer False

Question The sum of total fixed costs and total variable costs is the total cost.

Correct Answer True

Your Answer True

Question A Joint- Stock Company is owned by its share holders but it is managed by

Correct Answer **Board of Directors**

Your Answer Non-government organization

Question The liability of a Karta in a Joint Hindu Family Business firm is _____.

Correct Answer limited

Your Answer joint

Question A fall in price tends the demand for goods to _____

Correct Answer expand

Your Answer increase

Question The supply curve slopes downwards from left to right.

Correct Answer False

Your Answer False

Question Poverty is the root cause of Economic problem.

Correct Answer False

Your Answer False

Question Every nation's resources which are used to produce the quantities of goods and services that would be required to satisfy all its citizen's wants are

Correct Answer insufficient

Your Answer insufficient

Question In case of a proprietary firm, the liability for all his debts is

Correct Answer unlimited

Your Answer unlimited

Question The city of Kashmir has specialized in the manufacture of

Correct Answer shawls

Your Answer shawls

Question The Laws of Returns to scale are

Correct Answer Law of Increasing Returns to Scale , Law of Constant Returns to Scale , Law of Decreasing Returns to scale

Your Answer Law of Increasing Returns to Scale , Law of Constant Returns to Scale , Law of Decreasing Returns to scale

Question Managerial economics is also understood to refer to

Correct Answer applied economics

Your Answer applied economics

Question The registration of a partnership firm is voluntary

Correct Answer True

Your Answer True

LIST OF ATTEMPTED QUESTIONS AND ANSWERS ME2

Question A responsible factor for inflation is

Correct Answer hike in prices

Your Answer hike in prices

Question Economists call all human resources as

Correct Answer labor

Your Answer labor

Question The wage and salary earners who get fixed income in terms of money are benefited during inflation.

Correct Answer False

Your Answer False

Question Over the years in India the govt. expenditure is

Correct Answer increasing

Your Answer increasing

Question Given the price, if the cost of production increases because of higher price of raw materials, the supply

Correct Answer decreases

Your Answer decreases

Question All the man made resources which are used in the process of making other goods and services are called

Correct Answer capital

Your Answer capital

Question Micro-economics is primarily concerned with the problem of what, how and for whom to produce?

Correct Answer False

Your Answer False

Question Inflation is characterized by excess of demand.

Correct Answer True

Your Answer True

Question Individual Demand Schedule

Correct Answer Is in tabular form , It shows the prices of goods , It shows the quantities of a commodity purchased

Your Answer Is in tabular form , It shows the prices of goods , It shows the quantities of a commodity purchased

Question Measurement of profit becomes difficult because of the difficulty involved in the calculation of depreciation.

Correct Answer True

Your Answer False

Question Main aims of the New Industrial Policy (1991) are

Correct Answer To unshackle the indian industrial economy from the cobwebs of unnecessary bureaucratic control , To introduce liberalization with a view to integrate the indian economy with

the world economy , To remove restrictions on direct foreign investment as also to free the domestic entrepreneur from the restriction of MRTP act

Your Answer To unshackle the indian industrial economy from the cobwebs of unnecessary bureaucratic control , To introduce liberalization with a view to integrate the indian economy with the world economy , To remove restrictions on direct foreign investment as also to free the domestic entrepreneur from the restriction of MRTP act

Question Free riders' is a term associated with the people who would like to have benefit of a good without sharing the cost of its supply.

Correct Answer True

Your Answer True

Question Managerial economics aims at providing help in the firms is

Correct Answer decision making

Your Answer decision making

Question The persons who own the _____hip concern are called Partners.

Correct Answer Partners

Your Answer Partners

Question The minimum number of directors which private limited should have is _____.

Correct Answer 2

Your Answer 2

Question Generally, the larger the income of a consumer, his demand for overall commodities tends to be relatively elastic.

Correct Answer False

Your Answer True

Question Correct Answer Your Answer

Resource allocation decisions in free market economy Theory of price Theory of price

Economic problem Universal Universal

Managerial Economics Applied branch of knowledge Applied branch of knowledge

Inflation Reduction in purchasing power Reduction in purchasing power

Waste of resources Involuntary unemployment Involuntary unemployment

Question In the context of externalities, driving the smoke-emitting buses and trucks in the cities is an example of _____ cost.

Correct Answer social

Your Answer environmental

Question Correct Answer Your Answer

Variable cost can refer to operating costs alone. operating costs alone.

The relationship between price and the quantity supplied of a product is indicated by upward sloping curve. upward sloping curve.

Elasticity of supply means change in supply due to change in price of commodity. price of commodity.

Fixed cost is known as prime cost. prime cost.

Question Cost-benefit analysis refers to the analysis undertaken to judge any projects whether government or private and find out its worth.

Correct Answer investments

Your Answer investments

Question Variable cost are those costs which vary with the level of

Correct Answer output

Your Answer output

Question An individual consumer or particular market for a given commodity are the subject matter of

Correct Answer Micro Economics

Your Answer Micro Economics

Question In the Dynamic Theory of Profit, Prof. Clark has pointed out the types of changes, which are

Correct Answer Changes in the supply of capital , Changes in population , Changes in the techniques of production

Your Answer Changes in the supply of capital , Changes in population , Changes in the techniques of production

Question Given the price, if the cost of production of a commodity decreases because of the use of improved technique of production, there will be increase in supply.

Correct Answer True

Your Answer True

Question True inflation starts only after reaching the level of full

Correct Answer Employment

Your Answer Employment

Question All the free gifts of nature which are commonly called natural resources are known to economists as

Correct Answer Land

Your Answer Land

Question Reasons for need of public distribution system are

Correct Answer To maintain stable price conditions , To bring an efficient management of the supply , To supply the necessary goods to people at reasonable price

Your Answer To maintain stable price conditions , To bring an efficient management of the supply , To supply the necessary goods to people at reasonable price

Question Production Function implies relationship between

Correct Answer input & output

Your Answer input & output

Question The important determinants of supply are

Correct Answer Always referred to in relation to price & time , Government policy , Availability of factors of production

Your Answer Always referred to in relation to price & time , Government policy , Availability of factors of production

Question In economics the questions related to the division of society's output of goods and services among its members are topics in

Correct Answer theory of distribution
Your Answer theory of distribution

Question Demand for a commodity depends on the relative price of its _____

Correct Answer substitute goods
Your Answer substitute goods

Question In case of the co-operative societies supplying cheap inputs or supplying consumer products at fair prices, a system of subsidized pricing is followed.

Correct Answer True
Your Answer False

Question During periods of inflation, the income of farmers as a class decreases.

Correct Answer True
Your Answer True

Question By ' profits', the accountant means total revenue minus_____.

Correct Answer Explicit costs
Your Answer Sunk cost

Question The index numbers which measure the changes in the general price level of a country refers to _____

Correct Answer Wholesale prices index
Your Answer Commodity prices index

Question The study of the working and allocation of resources in the free market economies is the topic in the

Correct Answer theory of price
Your Answer theory of price

Question According to the Government, the buildup of inflationary pressure during the Nineties was attributed to

Correct Answer Higher Fiscal deficit
Your Answer Higher Fiscal deficit

Question In economics the questions related to the dynamic or static (otherwise) capacity of the economy to produce goods and services are topics in the

Correct Answer theory of economic growth
Your Answer theory of economic growth

Question Increasing Returns explains

Correct Answer Total product increases at an increasing rate , Marginal product increasing and it is maximum , Average product is increasing but it is below MP
Your Answer Total product increases at an increasing rate , Marginal product increasing and it is maximum , Average product is increasing but it is below MP

Question Implicit costs are

Correct Answer Cost on self owned resources , Costs of salary of the proprietor , Interest on the entrepreneur's own investment
Your Answer Cost on self owned resources , Costs of salary of the proprietor , Interest on the entrepreneur's own investment

Question Characteristics of the phase of Depression are

Correct Answer Decrease in economic activities , The growth rate becomes negative , The level of national income declines rapidly
Your Answer Decrease in economic activities , The growth rate becomes negative , The level

of national income declines rapidly

Question Micro-economic theory studies how a free enterprise economy determines the price of economic resources

Correct Answer False

Your Answer True

Question Economists like A.C.Harberger have shown that the cost benefit analysis can be applied to _____ analysis.

Correct Answer general equilibrium

Your Answer general equilibrium

Question Break-Even analysis is derived by

Correct Answer Fixed cost , Average variable cost , Quantity of goods and price

Your Answer Fixed cost , Average variable cost , Quantity of goods and price

Question Managerial economics deals with

Correct Answer Integration of economic theory with business practice , Using logic of economics, mathematics & statistics , The use of economic modes of thought to analyze business solution

Your Answer Integration of economic theory with business practice , Using logic of economics, mathematics & statistics , The use of economic modes of thought to analyze business solution

LIST OF ATTEMPTED QUESTIONS AND ANSWERS ME3

Question In the context of formulation of an investment project, _____ feasibility means the availability of land, plant, machinery, raw materials and technical know how etc.

Correct Answer technical

Your Answer infrastructure

Question Scarcity of resources is the root cause of economic problem.

Correct Answer True

Your Answer True

Question Inflation reduces the purchasing power of people's income and savings.

Correct Answer True

Your Answer True

Question Demand for safety pins is _____

Correct Answer inelastic

Your Answer relatively inelastic

Question Reasonable profit target as an alternative to the objective of profit maximization was suggested by _____.

Correct Answer Joel Dean

Your Answer Joel Dean

Question Correct Answer Your Answer

Motor cars Tangible goods Tangible goods

Wants Insatiable Insatiable

Managerial Economics Prescriptive in nature Prescriptive in nature

Resources Alternative uses Alternative uses

Division of society's output of goods and services The theory of distribution The theory of distribution

Question Output rises in a lesser proportion to that of the increase in input, under the case of _____.

Correct Answer decreasing returns to scale

Your Answer decreasing returns to scale

Question Social costs cannot be included in a firm's account book.

Correct Answer True

Your Answer False

Question Economic problem arises only in case of an overpopulated country.

Correct Answer False

Your Answer False

Question The cost which enter the accounts book of the firm are referred as _____.

Correct Answer Accounting cost

Your Answer Accounting cost

Question The question regarding the nature and quantities of commodities to be produced is solely restricted to capitalist economies.

Correct Answer False

Your Answer True

Question There are no real exceptions to the law of demand

Correct Answer False

Your Answer False

Question The federal government of U.S.A. does not face the basic economic problem.

Correct Answer False

Your Answer False

Question The subject matter of managerial economics covers two important areas namely decision-making and

Correct Answer forward Planning

Your Answer forward Planning

Match The Following

Question Correct Answer Your Answer

Decrease in Demand Leftward shift of the demand curve Leftward shift of the demand curve

Contraction of Demand Upward movement on the demand curve Upward movement on the demand curve

Increase in demand Upward shift of the demand curve Upward shift of the demand curve

Extension of demand **Downward movement on the demand curve** Downward movement on the demand curve

Question The promoters of a company can get incorporated by filing with the registrar of companies various documents such as

Correct Answer Memorandum of Association , Articles of Association , Prospectus

Your Answer Articles of Association , Prospectus

Question Features of public sector enterprises

Correct Answer it is controlled by the state , separate funds to undertake their activity , they are accountable to public

Your Answer it is controlled by the state , separate funds to undertake their activity , they are accountable to public

Question The production function studies

Correct Answer Input and out put relation , Factors of production and final production , Technology used in production

Your Answer Input and out put relation , Factors of production and final production , Demand for production

Question In the 3rd stage of operation of the law of variable proportions, the marginal product becomes _____.

Correct Answer negative

Your Answer negative

Question In a market economy _____ is the best judge of personal interest.

Correct Answer individual

Your Answer public

Question All the buyers and sellers operating under perfect competition have knowledge which is

Correct Answer perfect

Your Answer perfect

Question In a market system of an economy, producers are guided by _____ motive.

Correct Answer profit

Your Answer profit

Question The cost recorded in the books of accounts are considered as

Correct Answer explicit costs

Your Answer explicit costs

Question Demand forecasts are necessary for

Correct Answer Fulfillment of objective of the plans , Preparation of a budget , Expansion of firms

Your Answer Fulfillment of objective of the plans , Preparation of a budget , Expansion of firms

Question Inflation reduces the purchasing power of money and savings.

Correct Answer True

Your Answer True

Question Features of an Industry are

Correct Answer All firms dealing in the same line of business , The ownership and management of each firm is different , Is a group of firms

Your Answer All firms produce different goods , All firms dealing in the same line of business , The ownership and management of each firm is different

Question The characteristics of a sole proprietorship firm is

Correct Answer Unlimited Capital , Ownership by a single person , Easy to form

Your Answer Ownership by a single person , Easy to form

Question Normally, a larger quantity is demanded at

Correct Answer lower price

Your Answer lower price

Question When a company raises additional finance by borrowing from the public for a specific period of time at a particular rate of interest, it is called as

Correct Answer Debentures

Your Answer Debentures

Question In cost benefit analysis, in the valuation of costs and benefits, for finding the present value, one has to make use of

Correct Answer discount rate

Your Answer discount rate

Question Like a particular street in a city, the entire city may sometimes specialize in the production of a particular commodity. The city acquires the status of a

Correct Answer national market

Your Answer capital market

Question Types of Share capital of Joint-Stock Company are

Correct Answer registered or authorized capital, issued capital, paid-up capital

Your Answer registered or authorized capital, issued capital, paid-up capital

Question An upward sloping demand curve is called _____

Correct Answer exceptional demand curve

Your Answer exceptional demand curve

Question Different types of Elasticity of Demand are

Correct Answer Price elasticity of demand, Income elasticity of demand, Cross elasticity of demand

Your Answer Price elasticity of demand, Income elasticity of demand, Cross elasticity of demand

Question Cournot, the economists who defined the term 'market' different from that of the traditional sense is an

Correct Answer French economists

Your Answer French economists

Question Demand forecasting is predicting for the demand of a firm's product in

Correct Answer future

Your Answer future

Question Pure inflation starts only after reaching the full employment level.

Correct Answer True

Your Answer True

Question A monopolist is a price maker.

Correct Answer True

Your Answer True

Question The demand curve (A.R.) of a firm under perfect competition is

Correct Answer perfectly elastic

Your Answer perfectly elastic

Question Managerial economics aims at providing guidance to the firms for

Correct Answer decision making

Your Answer decision making

Question In case of defense services, all the sections of the society are equally protected and benefited. The defense services in other words is

Correct Answer indivisible in character , cannot be priced in the market , a public good

Your Answer indivisible in character , cannot be priced in the market

Question A fall in quantity demanded without a fall in price shows decrease in demand.

Correct Answer True

Your Answer True

Question The subject matter of macro - economics includes the theory of income and employment at an individual level.

Correct Answer False

Your Answer False

LIST OF ATTEMPTED QUESTIONS AND ANSWERS

Multiple Choice Multiple Answer

Question Types of Share capital of Joint-Stock Company are

Correct Answer registered or authorized capital , issued capital , paid-up capital

Your Answer registered or authorized capital , issued capital , paid-up capital

Match The Following

Question Correct Answer Your Answer

Equilibrium price is the price where the quantity demanded equals quantity supplied quantity demanded equals quantity supplied

Excess supply can be defined as quantity supplied minus quantity demanded. quantity supplied minus quantity demanded.

Tea and sugar Complimentary goods Complimentary goods

Excess demand can be defined as quantity demanded minus quantity supplied quantity demanded minus quantity supplied

Multiple Choice Single Answer

Question The act of making goods and services is called

Correct Answer production

Your Answer production

Multiple Choice Single Answer

Question The act of using goods and services to satisfy wants is called

Correct Answer consumption

Your Answer consumption

Select The Blank

Question The liability of a Karta in a Joint Hindu Family Business firm is _____.

Correct Answer limited

Your Answer limited

Select The Blank

Question Demand for a commodity depends on the relative price of its _____

Correct Answer substitute goods

Your Answer substitute goods

Multiple Choice Multiple Answer

Question 'reasonable profit' are

Correct Answer Capital Attraction , Plough Back , Normal earnings

Your Answer Capital Attraction , Plough Back , Normal earnings

Multiple Choice Multiple Answer

Question Features of Long -run market are

Correct Answer It is durable goods market , Supply can be increased or reduced according to the demand , Sellers at least recover minimum price for their goods

Your Answer It is durable goods market , Supply can be increased or reduced according to the demand , Sellers at least recover minimum price for their goods

Multiple Choice Single Answer

Question The type economic problem is

Correct Answer universal

Your Answer universal

Select The Blank

Question In a market system of an economy, producers are guided by _____ motive.

Correct Answer profit

Your Answer profit

Multiple Choice Single Answer

Question An individual consumer or particular market for a given commodity are the subject matter of

Correct Answer Micro Economics

Your Answer Micro Economics

Select The Blank

Question The index numbers which measure the changes in the general price level of a country refers to _____

Correct Answer Wholesale prices index

Your Answer Wholesale prices index

Multiple Choice Single Answer

Question While calculating accounting profit, the costs which are considered are by nature

Correct Answer explicit

Your Answer implicit

Multiple Choice Single Answer

Question Given the price, if the cost of production increases because of higher price of raw materials, the supply

Correct Answer decreases

Your Answer decreases

Multiple Choice Single Answer

Question The things that are produced by factors of production are called

Correct Answer commodities

Your Answer commodities

Multiple Choice Single Answer

Question The concept of just distribution of national product is a

Correct Answer normative

Your Answer normative

Multiple Choice Single Answer

Question In economics the question related to the selection of methods with which commodities are produced is a subject matter of

Correct Answer theory of production

Your Answer theory of production

True/False

Question In case of the co-operative societies supplying cheap inputs or supplying consumer products at fair prices, a system of subsidized pricing is followed.

Correct Answer True

Your Answer True

Select The Blank

Question Modern economists treat social cost and benefits as _____ of private investment and production decisions.

Correct Answer externalities

Your Answer externalities

Multiple Choice Multiple Answer

Question The market system of economy is based on the following foundations:

Correct Answer Consumer's Sovereignty , Non-interference by the state. , Private Profit Motive

Your Answer Consumer's Sovereignty , Private Profit Motive , Existence of monopoly

Select The Blank

Question The indivisible goods to which the principle exclusion does not apply are called _____ goods.

Correct Answer pure public

Your Answer private

Select The Blank

Question The goods become _____ only when each individual has an access to the entire amount of it and its use by the individual does not reduce its availability to others.

Correct Answer indivisible

Your Answer public

Multiple Choice Single Answer

Question The city of Banaras has specialized in the manufacture of

Correct Answer silk

Your Answer silk

True/False

Question During inflation, the pensioners whose income is permanently fixed, are substantially benefited.

Correct Answer False

Your Answer False

Select The Blank

Question Economists like A.C.Harberger have shown that the cost benefit analysis can be applied to _____ analysis.

Correct Answer general equilibrium

Your Answer general equilibrium

True/False

Question Generally, the larger the income of a consumer, his demand for overall commodities tends to be relatively elastic.

Correct Answer False

Your Answer False

Multiple Choice Single Answer

Question In economics the questions related to the division of society's output of goods and services among its members are topics in

Correct Answer theory of distribution

Your Answer theory of distribution

True/False

Question Supply management is related to the volume of supply & its distribution system.

Correct Answer True

Your Answer True

Select The Blank

Question Demand for safety pins is _____

Correct Answer inelastic

Your Answer inelastic

Multiple Choice Single Answer

Question Every nation's resources which are used to produce the quantities of goods and services that would be required to satisfy all its citizen's wants are

Correct Answer insufficient

Your Answer insufficient

True/False

Question Under the disinvestments process, there is full transfer of ownership

Correct Answer True

Your Answer False

Multiple Choice Single Answer

Question In cost - benefit analysis, after the step of appraisal and selection of the project is the step of

Correct Answer comparison of the cash flow

Your Answer comparison of the cash flow

Multiple Choice Single Answer

Question When a company raises additional finance by borrowing from the public for a specific period of time at a particular rate of interest, it is called as

Correct Answer Debentures

Your Answer Debentures

Multiple Choice Multiple Answer

Question Features of market period are

Correct Answer Related to few hours or few days , Related to perishable goods , The entire supply is to be disposed off on the same day

Your Answer Related to few hours or few days , Related to perishable goods , The entire supply is to be disposed off on the same day

Select The Blank

Question In the context of formulating an investment project, _____ feasibility means the availability of supervisors for implementing and running the project smoothly and professionally.

Correct Answer management

Your Answer organizational

Multiple Choice Multiple Answer

Question Increasing Returns explains

Correct Answer Total product increases at an increasing rate , Marginal product increasing and

it is maximum , Average product is increasing but it is below MP

Your Answer Total product increases at an increasing rate , Marginal product increasing and it is maximum , Average product is increasing but it is below MP

Multiple Choice Single Answer

Question Managerial economics generally refers to the integration of economic theory with business

Correct Answer Practice

Your Answer Practice

Multiple Choice Multiple Answer

Question Scope of Managerial Economics deals with

Correct Answer Demand analysis and forecasting , Production function & cost analysis , Inventory management advertising, price system

Your Answer Demand analysis and forecasting , Production function & cost analysis , Inventory management advertising, price system

Multiple Choice Single Answer

Question The observation of economic histories of the United States & West European countries shows that competition , the heart of market mechanism gives rise to

Correct Answer monopolies

Your Answer price competition

Match The Following

Question Correct Answer Your Answer

Chance profit Outbreak of war Outbreak of war

Innovation theory of profit Joseph Schumpeter Joseph Schumpeter

Uncertainty bearing F. H. Knight theory F. H. Knight theory

Implicit cost Opportunity cost Opportunity cost

Multiple Choice Single Answer

Question During a period of rising prices (inflation), the goods and services are

Correct Answer scarce

Your Answer are also increasing

True/False

Question Contraction of supply is traced by the downward movement on the supply curve

Correct Answer True

Your Answer True

Multiple Choice Single Answer

Question Over the years in India the govt. expenditure is

Correct Answer increasing

Your Answer increasing

True/False

Question To solve the unemployment problem , the level of effective demand must decrease.

Correct Answer False

Your Answer False

True/False

Question Demand is related to price, time and place.

Correct Answer True

Your Answer False

Multiple Choice Single Answer

Question Managerial economics is also understood to refer to

Correct Answer applied economics

Your Answer applied economics

Select The Blank

Question A fall in price tends the demand for goods to _____

Correct Answer expand

Your Answer expand

LIST OF ATTEMPTED QUESTIONS AND ANSWERS

True/False

Question Macro economic studies are based on empirical evidence.

Correct Answer True

Your Answer True

Select The Blank

Question According to the World Bank's approach, the trade able items would be valued at the corresponding world prices and the non-trade able items at the _____.

Correct Answer shadow prices

Your Answer market prices

Multiple Choice Single Answer

Question The study of the working and allocation of resources in the free market economies is the topic in the

Correct Answer theory of price

Your Answer theory of price

Multiple Choice Single Answer

Question Costs which increase because of the expansion of a firm are called

Correct Answer incremental

Your Answer incremental

True/False

Question In the Long- run, supply of goods can be adjusted to the demand and therefore supply curve is horizontal to the X-axis.

Correct Answer False

Your Answer True

Select The Blank

Question By ' profits', the accountant means total revenue minus_____.

Correct Answer Explicit costs

Your Answer Implicit cost

Multiple Choice Multiple Answer

Question Features of short run period are

Correct Answer Supply of goods can be adjusted to the demand to some extent , Supply and demand determine the price , Some factors can be changed

Your Answer Supply of goods can be adjusted to the demand to some extent , Supply and demand determine the price , Some factors can be changed

Select The Blank

Question The law of constant returns to scale is depicted by the marginal output curve which is _____.

Correct Answer horizontal

Your Answer horizontal

Multiple Choice Single Answer

Question The method of calculating depreciation in which the actual working hours of a capital asset are taken in to account is

Correct Answer service unit

Your Answer service unit

True/False

Question Demand curve slopes upwards from left to right.

Correct Answer False

Your Answer False

Multiple Choice Single Answer

Question All the free gifts of nature which are commonly called natural resources are known to economists as

Correct Answer Land

Your Answer Land

True/False

Question Macro-economics is a policy oriented science.

Correct Answer True

Your Answer True

Multiple Choice Single Answer

Question The assumption of perfect competition in all the analytical theories is made by

Correct Answer Classical economists

Your Answer Keynesian economists

Select The Blank

Question In the 3rd stage of operation of the law of variable proportions, the marginal product becomes _____.

Correct Answer negative

Your Answer positive

Multiple Choice Multiple Answer

Question Reasons for need of public distribution system are

Correct Answer To maintain stable price conditions , To bring an efficient management of the supply , To supply the necessary goods to people at reasonable price

Your Answer To maintain stable price conditions , To bring an efficient management of the supply , To supply the necessary goods to people at reasonable price

Select The Blank

Question When demand for the product increases in the same proportion in which income increases, Income elasticity of demand will be equal to _____

Correct Answer unity

Your Answer greater than unity

Multiple Choice Multiple Answer

Question Accounting profit includes

Correct Answer wages , rent , interest

Your Answer wages , rent , interest

Multiple Choice Multiple Answer

Question The fiscal policy includes

Correct Answer Formation of taxation policy , It is an instrument for economic stabilization , Monitoring of public expenditure

Your Answer Formation of taxation policy , It is an instrument for economic stabilization , Monitoring of public expenditure

Multiple Choice Single Answer

Question The method of inventory valuation in which , the cost of production is calculated on the assumption that the material which was last to enter the inventory of the company was used first is

Correct Answer LIFO

Your Answer LIFO

Select The Blank

Question A private limited company can be formed with 2 to 50 members maximum, excluding

Correct Answer employee shareholders

Your Answer employee shareholders

Multiple Choice Single Answer

Question The number of sellers operating under monopolistic competition as compare to oligopoly is

Correct Answer larger

Your Answer larger

Multiple Choice Multiple Answer

Question Causes for rise in prices in India

Correct Answer Mounting government expenditure , Deficit financing and increase in money supply , Role of black money

Your Answer Mounting government expenditure , Deficit financing and increase in money supply , Increase in demand

True/False

Question Social costs cannot be included in a firm's account book.

Correct Answer True

Your Answer False

Multiple Choice Single Answer

Question AVC is the per unit variable cost of

Correct Answer production

Your Answer total revenue

Multiple Choice Multiple Answer

Question Exceptions to the Law of Demand are

Correct Answer Giffen goods , Articles of snob appeal , Speculation

Your Answer Giffen goods , Articles of snob appeal , Speculation

Question In the cost - benefit analysis, the first step involved is that the investor has to choose a few project alternatives promising a

Correct Answer high rate of return

Your Answer high rate of return

Question In the Dynamic Theory of Profit, Prof. Clark has pointed out the types of changes, which are

Correct Answer Changes in the supply of capital , Changes in population , Changes in the techniques of production

Your Answer Changes in the supply of capital , Changes in population , Changes in the techniques of production

Question Economic problem is faced by poor countrys only.

Correct Answer False

Your Answer False

Match The Following

Question Correct Answer Your Answer

Pure private goods Divisible goods Divisible goods

Self -interest Market economy Neighborhood

Danger from drunken drivers Negative economies Negative economies

Impure public goods Quasi - public goods Quasi - public goods

Multiple Choice Multiple Answer

Question Types of imperfect competition are

Correct Answer Monopoly , Duopoly , Oligopoly

Your Answer Monopoly , Duopoly , Oligopoly

Question If the output rises in the greater proportion than that of the increase in factor inputs, it is referred to as _____.

Correct Answer increasing returns to scale.

Your Answer increasing returns to scale.

Question Investment is significant because

Correct Answer Addition to the real capital assets , It leads to increase in level of income , Increases accumulated wealth of the society

Your Answer Addition to the real capital assets , It leads to increase in level of income , Increases accumulated wealth of the society

Question In the context of externalities, driving the smoke-emitting buses and trucks in the cities is an example of _____ cost.

Correct Answer social

Your Answer social

Question According to Lionel Robbins, "Economics is a science which studies

Correct Answer human behavior

Your Answer economic variables behavior

Question The out of pocket costs are _____.

Correct Answer Explicit costs

Your Answer Explicit costs

Question A firm gets an opportunity to produce multiple products because changes in business activity in a firms is

Correct Answer cyclical

Your Answer rapid

Question Market system or market economy suffers from time to time from economic

depressions.

Correct Answer True

Your Answer True

Question Under competitive conditions, market mechanism would automatically bring equilibrium at the level of

Correct Answer full employment

Your Answer optimum produce

Question Micro-economics is primarily concerned with the problem of what, how and for whom to produce?

Correct Answer False

Your Answer True

Question Factors influencing selling costs are

Correct Answer Type of product , Introduction of new goods , Technology changes

Your Answer Type of product , Introduction of new goods , Advertising by customers

Question The important determinants of supply are

Correct Answer Always referred to in relation to price & time , Government policy , Availability of factors of production

Your Answer Always referred to in relation to price & time , Government policy , Availability of factors of production

Question The slope of Supply curve of labour is always

Correct Answer backward

Your Answer upward

Question In economics the questions related to the dynamic or static (otherwise) capacity of the economy to produce goods and services are topics in the

Correct Answer theory of economic growth

Your Answer theory of economic growth

Question Features of monopolistic Competition are

Correct Answer Fairly large number of firms , Product differentiation , Selling costs are existed

Your Answer Fairly large number of firms , Product differentiation , Selling costs are existed

Question Under perfect competition, firms are free to enter and exit in the market.

Correct Answer True

Your Answer True

Match The Following

Question Correct Answer Your Answer

Motor cars Tangible goods Tangible goods

Wants Insatiable Insatiable

Managerial Economics Prescriptive in nature Prescriptive in nature

Resources Alternative uses Alternative uses

Division of society's output of goods and services The theory of distribution The theory of distribution

Question Under perfect competition single seller can influence the price.

Correct Answer False
Your Answer False

LIST OF ATTEMPTED QUESTIONS AND ANSWERS KME3

True/False

Question The damage being done by the factories at and around Agra to Taj Mahal is an example of social cost for private benefit.

Correct Answer True
Your Answer True

Multiple Choice Single Answer

Question The Risk theory of profit was developed by

Correct Answer Hawley
Your Answer Hawley

Multiple Choice Multiple Answer

Question Index numbers may broadly be classified as

Correct Answer Price indices , Quantity indices , Special purpose indices
Your Answer Price indices , Quantity indices , Special purpose indices

Multiple Choice Single Answer

Question Expansion of supply is shown by the movement in the supply curve which is

Correct Answer upward
Your Answer upward

Multiple Choice Multiple Answer

Question Forms of Public Enterprises

Correct Answer departmental management , company management or management by boards , public corporations

Your Answer departmental management , company management or management by boards , public corporations

Select The Blank

Question The financing of _____ goods is done through public expenditure.

Correct Answer public
Your Answer public

Multiple Choice Single Answer

Question A Joint- Stock Company is owned by its share holders but it is managed by

Correct Answer Board of Directors
Your Answer Board of Directors

Multiple Choice Multiple Answer

Question The examples of negative externalities are

Correct Answer nuclear power plants , gargantuan trucks , unsafe factories
Your Answer nuclear power plants , gargantuan trucks , unsafe factories

Match The Following

Question Correct Answer Your Answer

Reduction in demand due to a new substitute in market Uncertainty Uncertainty

Accounting profit Explicit costs Explicit costs

Economic profit Pure profit Pure profit

Risk taking theory Hawley Hawley

Multiple Choice Single Answer

Question Peas & beans, groundnut oil & til oil, tea & coffee are examples of

Correct Answer substitutes goods

Your Answer complimentary goods

Select The Blank

Question Output rises in a lesser proportion to that of the increase in input, under the case of _____.

Correct Answer decreasing returns to scale

Your Answer decreasing returns to scale

True/False

Question A monopolist in a price maker.

Correct Answer True

Your Answer True

Select The Blank

Question The chemical effluents recklessly released by a chemical factory in the river causing water pollution, is an example of _____ cost.

Correct Answer social

Your Answer environmental

True/False

Question The financing of the pure public goods has to be through public expenditure and not through market pricing.

Correct Answer True

Your Answer True

Multiple Choice Single Answer

Question A firm is a unit of production, where production is done with the aim to maximize

Correct Answer profits

Your Answer profits

Select The Blank

Question By 'profits', the economist means total revenue minus _____.

Correct Answer All costs

Your Answer Explicit costs

Multiple Choice Multiple Answer

Question Cost-Benefit Analysis is

Correct Answer The analysis undertaken to judge the investment of any project , Refers to finding out the worth of investment , Enable ranking of optional investments

Your Answer The analysis undertaken to judge the investment of any project , Refers to finding out the worth of investment , Enable ranking of optional investments

True/False

Question Giffen goods are superior goods.

Correct Answer False

Your Answer False

Multiple Choice Multiple Answer

Question The railways use a lot of coal in firing the steam locomotives. This act causes
Correct Answer a lot of sufferings to the people near the railway. , cost to the society. , no cost to the railways.

Your Answer a lot of sufferings to the people near the railway. , cost to the society. , no cost to the railways.

Multiple Choice Single Answer

Question All the buyers and sellers operating under perfect competition have knowledge

Correct Answer perfect

Your Answer perfect

Multiple Choice Multiple Answer

Question Marginal cost pricing explains that the

Correct Answer Price charged should be equal to the marginal cost , Cost price sets the lower limits for firm's price , Cost price ensures the possible level of profitability

Your Answer Price charged should be equal to the marginal cost , Cost price sets the lower limits for firm's price , Cost price ensures the possible level of profitability

True/False

Question The question regarding the nature and quantities of commodities to be produced is solely restricted to capitalist economies.

Correct Answer False

Your Answer False

Match The Following

Question Correct Answer Your Answer

Implicit costs are the cost of resources owned by the firm. of resources owned by the firm.

Opportunity costs are also known as alternative costs alternative costs

The difference between average total cost & average fixed cost shows variable cost variable cost

The difference between average cost and average revenue is average profit average profit

True/False

Question During the period of depression, a large part of a country's resources lie involuntarily idle.

Correct Answer True

Your Answer True

Multiple Choice Single Answer

Question The demand curve (A.R.) of a firm under perfect competition is

Correct Answer perfectly elastic

Your Answer perfectly elastic

Select The Blank

Question The externality which causes an economic gain or an economic loss to other economic units is also referred to as _____ externality.

Correct Answer Pecuniary

Your Answer Pecuniary

Select The Blank

Question While discussing the product divisibility of public and private goods, the principle of

_____ may be applied in case of only those people who do not agree to pay or who cannot pay the market price

Correct Answer exclusion

Your Answer exclusion

Select The Blank

Question Under the decreasing returns to scale, the marginal output curve slopes _____.

Correct Answer downward

Your Answer downward

Multiple Choice Multiple Answer

Question Characteristics of Pure Public goods are:

Correct Answer They are completely indivisible , Their marginal cost would be zero or close to zero , Their benefits cannot be priced

Your Answer They are completely indivisible , Their marginal cost would be zero or close to zero , Their benefits cannot be priced

Multiple Choice Multiple Answer

Question Major types of costs are

Correct Answer Accounting costs , Economic costs , Opportunity costs

Your Answer Accounting costs , Economic costs , Opportunity costs

True/False

Question The short run Average Cost (A.C.) curve is U shaped.

Correct Answer True

Your Answer True

True/False

Question Cyclical fluctuations are recurrent in nature

Correct Answer True

Your Answer True

Multiple Choice Multiple Answer

Question Quantitative credit control measures are

Correct Answer open market operations , changes in bank rates , changes in statutory reserve ratio

Your Answer open market operations , changes in statutory reserve ratio

True/False

Question Private profit motive is an essential feature of Capitalism.

Correct Answer True

Your Answer True

Multiple Choice Single Answer

Question The number of buyers & sellers operating under perfect competition is

Correct Answer large

Your Answer large

Select The Blank

Question The sum of all individual demands constitutes_____

Correct Answer market demand

Your Answer market demand

Select The Blank

Question The costs which cover the cost of advertising is _____.

Correct Answer Selling cost

Your Answer Selling cost

Multiple Choice Single Answer

Question The relation between variable input and output

Correct Answer is direct

Your Answer is direct

Multiple Choice Single Answer

Question With decline in price of a commodity, total expenditure spent on the commodity is less than before, then elasticity of demand for the commodity is

Correct Answer < 1

Your Answer < 1

Multiple Choice Single Answer

Question The public sector is owned & controlled by

Correct Answer state enterprises

Your Answer state enterprises

True/False

Question In the market, any one who agrees to pay the requisite price of a product would be excluded from their consumption.

Correct Answer False

Your Answer False

Multiple Choice Single Answer

Question A downward movement from one point to another point on the same demand curve implies

Correct Answer expansion

Your Answer expansion

Multiple Choice Multiple Answer

Question Methods of forecasting demand for new products are

Correct Answer Product life cycle analysis , Test marketing , Evolutionary approach

Your Answer Product life cycle analysis , Test marketing , Evolutionary approach

True/False

Question The concept of economic profit differs from that of normal profit.

Correct Answer False

Your Answer True

Select The Blank

Question Reasonable profit target as an alternative to the objective of profit maximization was suggested by _____.

Correct Answer Joel Dean

Your Answer Joel Dean

Multiple Choice Single Answer

Question Inflation is characterized by demand which is in

Correct Answer excess of supply

Your Answer surplus

Select The Blank

Question Defence service is an example of _____ good.

Correct Answer indivisible

Your Answer public

LIST OF ATTEMPTED QUESTIONS AND ANSWERS

Multiple Choice Single Answer

Question	Managerial economics generally refers to the integration of economic theory with business
Correct Answer	Practice
Your Answer	Practice

Multiple Choice Single Answer

Question	Every nation's resources which are used to produce the quantities of goods and services that would be required to satisfy all its citizen's wants are
Correct Answer	insufficient
Your Answer	insufficient

Multiple Choice Single Answer

Question	Managerial economics is also understood to refer to
Correct Answer	applied economics
Your Answer	applied economics

Multiple Choice Single Answer

Question	The type economic problem is
Correct Answer	universal
Your Answer	universal

Match The Following

Question	Correct Answer	Your Answer
Managerial economics	Decision making and forward planning	Decision making and forward planning
Resources	scarce	scarce
Commodities	goods and services	goods and services
Human wants	unlimited	unlimited
General Theory of Employment, Interest and Money	J. M. Keynes	J. M. Keynes

Match The Following

Question	Correct Answer	Your Answer
Managerial Economics	Applied branch of knowledge	Applied branch of knowledge
Inflation	Reduction in purchasing power	Reduction in purchasing power
Waste of resources	Involuntary unemployment	Involuntary unemployment
Resource allocation decisions in free market economy	Theory of price	Theory of price
Economic problem	Universal	Universal

True/False

Question	Pure private goods are completely divisible and to them the principle of exclusion applies in full measure.
Correct Answer	True
Your Answer	True

Multiple Choice Multiple Answer

Question	Cost-Benefit Analysis is
Correct Answer	The analysis undertaken to judge the investment of any project , Refers to finding out the worth of investment , Enable ranking of optional investments
Your Answer	The analysis undertaken to judge the investment of any project , Refers to finding out the worth of investment

Multiple Choice Multiple Answer

Question	Characteristics of Pure Public goods are:
Correct Answer	They are completely indivisible , Their marginal cost would be zero or close to zero , Their benefits cannot be priced
Your Answer	They are completely indivisible , Their benefits cannot be priced

Select The Blank

Question	Defence service is an example of _____ good.
Correct Answer	indivisible
Your Answer	indivisible

Select The Blank

Question	In the context of formulation of an investment project, _____ feasibility means the availability of land, plant, machinery, raw
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	materials and technical know how etc.
Correct Answer	technical
Your Answer	economic

Select The Blank

Question	Prof. Sam Nelson calls risks from unsafe factories or nuclear power plants as _____ economies.
Correct Answer	negative
Your Answer	hazardous

Multiple Choice Single Answer

Question	The suggestion of reasonable profit target as an alternative to the objective of profit maximization is by
Correct Answer	Joel Dean
Your Answer	Joel Dean

Multiple Choice Single Answer

Question	Public corporations are managed by the board of directors appointed by
Correct Answer	Government
Your Answer	Government

True/False

Question	In case of a Joint Stock Company the liability of the share holders is unlimited.
Correct Answer	False
Your Answer	False

True/False

Question	There is no separation of ownership and management in case of a Joint Stock Company
Correct Answer	False
Your Answer	True

Multiple Choice Multiple Answer

Question	Types of Share capital of Joint-Stock Company are
Correct Answer	registered or authorized capital , issued capital , paid-up capital
Your Answer	registered or authorized capital , issued capital , cumulative

share capital

Multiple Choice Multiple Answer

Question	Distinction between private sector and public sector is determined
Correct Answer	on the basis of economic system , on the basis of motive , on the basis of principle of pricing
Your Answer	on the basis of economic system , on the basis of motive , on the basis of principle of pricing

Select The Blank

Question	Like all organism, the firm too is an organism according to the _____
Correct Answer	life-cycle theory.
Your Answer	life-cycle theory.

Multiple Choice Single Answer

Question	The income which a businessman might expect from the second best alternative use of his resources is called as
Correct Answer	opportunity cost
Your Answer	opportunity cost

Multiple Choice Single Answer

Question	Peas & beans, groundnut oil & til oil, tea & coffee are examples of
Correct Answer	substitutes goods
Your Answer	necessary goods

Multiple Choice Single Answer

Question	The demand for a commodity depends on the prices of its substitutes which are
Correct Answer	relative
Your Answer	relative

True/False

Question	A shift in the demand curve to the left shows increase in demand.
Correct Answer	False
Your Answer	True

Select The Blank

Question	Demand for a commodity depends on the relative price of its _____
Correct Answer	substitute goods
Your Answer	substitute goods

Select The Blank

Question	The sum of all individual demands constitutes _____
Correct Answer	market demand
Your Answer	market demand

Select The Blank

Question	Increase in consumer's income leads in the demand for inferior goods to _____
Correct Answer	decrease
Your Answer	increase

Multiple Choice Single Answer

Question	AVC is the per unit variable cost of _____
Correct Answer	production
Your Answer	production

Select The Blank

Question	Supply is predominantly determined by _____.
Correct Answer	stock
Your Answer	demand

Select The Blank

Question	The cost which enter the accounts book of the firm are referred as _____.
Correct Answer	Accounting cost
Your Answer	Accounting cost

Select The Blank

Question	By ' profits', the economist means total revenue minus _____.
Correct Answer	All costs
Your Answer	All costs

Multiple Choice Single Answer

Question	The supply curve during market period is
Correct Answer	perfectly inelastic
Your Answer	elastic

True/False

Question	A monopolist is a price maker.
Correct Answer	True
Your Answer	False

True/False

Question	If demand falls and supply is constant the equilibrium price falls.
Correct Answer	True
Your Answer	False

Multiple Choice Single Answer

Question	The General Theory of Employment, Interest and Money in 1936 was published by
Correct Answer	J.M. Keynes
Your Answer	J.M. Keynes

True/False

Question	During recession, on account of decline in investment by producers, there is decline in income and consumption.
Correct Answer	True
Your Answer	False

Multiple Choice Multiple Answer

Question	According to Keynes, Effective Demand
Correct Answer	Determines the level of income and output in an economy , Is total expenditure equal to total income in an economy , Is the Study of aggregate demand and aggregate supply
Your Answer	Determines the level of income and output in an economy , Is total expenditure equal to total income in an economy , Is the Study of aggregate demand and aggregate supply

Multiple Choice Multiple Answer

Question	Features of stage of expansion in business cycle are
Correct Answer	Rise in national output , Rise in consumer and capital expenditure , Bank advances grow rapidly
Your Answer	Rise in national output , Rise in consumer and capital expenditure , Bank advances grow rapidly , Contraction of credit

Multiple Choice Multiple Answer

Question	Characteristics of the phase of Recession are
Correct Answer	Investments decline , Negative multiplier gets underway , Inventories pile up
Your Answer	Investments decline , Negative multiplier gets underway , Inventories pile up

Multiple Choice Single Answer

Question	Under the system of dual prices adopted by the Government for essential goods, the weaker sections of the community are supplied those goods through fair price shops which are
Correct Answer	fair
Your Answer	fair

Multiple Choice Single Answer

Question	According to J.M.Keynes, the equilibrium is established at the level
Correct Answer	less than full employment
Your Answer	less than full employment

True/False

Question	Under the New Industrial Policy, Public enterprises which are chronically sick and which are unlikely to be turned were referred to BIFR
Correct Answer	True
Your Answer	True

True/False

Question	Public enterprises have shown a very high rate of return of the capital invested
Correct Answer	False
Your Answer	True

True/False

Question	Supply management is related to the volume of supply & its distribution system.
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Correct Answer True

Your Answer True

Multiple Choice Multiple Answer

Question The fiscal policy includes

Correct Answer Formation of taxation policy , It is an instrument for economic stabilization , Monitoring of public expenditure

Your Answer Formation of taxation policy , It is an instrument for economic stabilization , Monitoring of public expenditure

Multiple Choice Multiple Answer

Question The meaning of monetary policy is

Correct Answer It is programmed of the central bank , It controls the total supply of money , The basic objective is to achieve economic stability

Your Answer It controls the total supply of money , The basic objective is to achieve economic stability , It controls the public expenditure

Multiple Choice Multiple Answer

Question The disinvestments of industries is needed for

Correct Answer Phased privatization , Reducing deficit , Capital support to plans

Your Answer Phased privatization , Reducing deficit , Capital support to plans

Multiple Choice Multiple Answer

Question Important theories of profits are

Correct Answer Risk taking theory , Uncertainty-bearing theory of profit , Dynamic theory of profit

Your Answer Risk taking theory , Uncertainty-bearing theory of profit , Dynamic theory of profit

LIST OF ATTEMPTED QUESTIONS AND ANSWERS

Multiple Choice Single Answer

Question	Prof Samuelson calls the air and water pollution or dangers from drunken drivers as economies that are
Correct Answer	negative
Your Answer	negative

Select The Blank

Question	The sum of all individual demands constitutes_____
Correct Answer	market demand
Your Answer	market demand

Multiple Choice Single Answer

Question	In Capitalism, the sovereign consumers express their preferences through
Correct Answer	price mechanism
Your Answer	price mechanism

Multiple Choice Multiple Answer

Question	Major types of costs are
Correct Answer	Accounting costs , Economic costs , Opportunity costs
Your Answer	Accounting costs , Economic costs , Opportunity costs , Substitution cost

Multiple Choice Single Answer

Question	Expansion of supply is shown by the movement in the supply curve which is
Correct Answer	upward
Your Answer	upward

Multiple Choice Single Answer

Question	In the cost - benefit analysis, after formulating various alternative project capacity, each of them has to be examined in terms of its
Correct Answer	feasibility
Your Answer	feasibility

True/False

Question	During the period of depression, demand for bank credit reaches its low level and banks experience mounting of their cash balances.
Correct Answer	True
Your Answer	True

Select The Blank

Question	Cost-Benefit analysis aims at _____ of social wealth.
Correct Answer	maximization
Your Answer	maximization

Select The Blank

Question	In the context of formulation of an investment project, _____ feasibility means the availability of land, plant, machinery, raw materials and technical know how etc.
Correct Answer	technical
Your Answer	resource

True/False

Question	The subject matter of macro – economics includes the theory of income and employment at an individual level.
Correct Answer	False
Your Answer	False

Multiple Choice Single Answer

Question	The General Theory of Employment, Interest and Money in 1936 was published by
Correct Answer	J.M. Keynes
Your Answer	J.M. Keynes

True/False

Question	During periods of inflation, the income of farmers as a class decreases.
Correct Answer	False
Your Answer	True

Select The Blank

Question	The goods become _____ only when each individual has an access to the entire amount of it and its use by the individual does not reduce its availability to others.
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Correct Answer	indivisible
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Your Answer	indivisible
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Select The Blank

Question	On the _____ level, the summation of maximum individual welfare does not automatically lead to maximum social welfare.
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Correct Answer	macro
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Your Answer	macro
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Select The Blank

Question	The private sector is owned by _____.
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Correct Answer	private individuals
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Your Answer	private individuals
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Select The Blank

Question	Goods which are paradoxical to the law of demand are
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Correct Answer	Giffen goods, ,
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Your Answer	Giffen goods, ,
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Multiple Choice Multiple Answer

Question	The factors of production are
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Correct Answer	Labour , Land , Capital
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Your Answer	Labour , Land , Capital
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Multiple Choice Single Answer

Question	Managerial economics generally refers to the integration of economic theory with business
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Correct Answer	Practice
----------------	----------

Your Answer	Practice
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True/False

Question	The congress government led by Narsimha Rao announced the New Industrial Policy in July 1991.
----------	---

Correct Answer	True
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Your Answer	True
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Multiple Choice Single Answer

Question	According to many economists, the root cause of economic problem is
Correct Answer	scarcity
Your Answer	inequality

True/False

Question	During the phase of depression, the level of national income and expenditure rises rapidly.
Correct Answer	False
Your Answer	False

Multiple Choice Single Answer

Question	Managerial economics is also understood to refer to
Correct Answer	applied economics
Your Answer	management science

Multiple Choice Single Answer

Question	The act of making goods and services is called
Correct Answer	production
Your Answer	production

True/False

Question	While calculating economic profit, only explicit costs are considered.
Correct Answer	False
Your Answer	True

Select The Blank

Question	The costs which cover the cost of advertising is _____.
Correct Answer	Selling cost
Your Answer	Selling cost

Multiple Choice Multiple Answer

Question	Characteristics of the phase of Depression are
Correct Answer	Decrease in economic activities , The growth rate becomes negative , The level of national income declines rapidly

Your Answer	Decrease in economic activities , The growth rate becomes negative , The level of national income declines rapidly
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Select The Blank

Question	Sole Proprietorship which is also called sole _____
Correct Answer	tradership
Your Answer	partner

Select The Blank

Question	The index numbers which measure the changes in the general price level of a country refers to _____
Correct Answer	Wholesale prices index
Your Answer	Commodity prices index

Match The Following

Question	Correct Answer	Your Answer
Under perfect competition, it is assumed that the	cost of transportation does not exist	cost of transportation does not exist
Excess capacity	monopolistic competition	monopolistic competition
Public enterprises may incur some social costs	which private enterprise may not bear at all.	which private enterprise may not bear at all.
The buyers and sellers may be away from each other and	yet they may constitute a market over telephone or through internet	yet they may constitute a market over telephone or through internet

Multiple Choice Multiple Answer

Question	Types of imperfect competition are
Correct Answer	Monopoly , Duopoly , Oligopoly
Your Answer	Monopoly , Duopoly , Oligopoly

True/False

Question	In case of the co-operative societies supplying cheap inputs or supplying consumer products at fair prices, a system of subsidized pricing is followed.
Correct Answer	True
Your Answer	True

Multiple Choice Single Answer

Question	Inflation is a phenomena in which prices
Correct Answer	rise
Your Answer	rise

Multiple Choice Single Answer

Question	The number of sellers operating under monopolistic competition as compare to oligopoly is
Correct Answer	larger
Your Answer	lesser

Multiple Choice Multiple Answer

Question	The production function studies
Correct Answer	Input and out put relation , Factors of production and final production , Technology used in production
Your Answer	Input and out put relation , Factors of production and final production , Technology used in production

Multiple Choice Multiple Answer

Question	The economic stabilization means
Correct Answer	Preventing excessive economic fluctuations , Efficient utilization of labor and other factors of production , Encouraging free competitive enterprise
Your Answer	Preventing excessive economic fluctuations , Efficient utilization of labor and other factors of production , Encouraging free competitive enterprise

Multiple Choice Multiple Answer

Question	The effective solution to the problem of internationalizing of externality involves
Correct Answer	Government action , Private action providing correctives , Externality taxes
Your Answer	Government action , Private action providing correctives , Externality taxes

Multiple Choice Multiple Answer

Question	Different types of Elasticity of Demand are
Correct Answer	Price elasticity of demand , Income elasticity of demand , Cross elasticity of demand
Your Answer	Price elasticity of demand , Income elasticity of demand , Perfectly elastic demand

Multiple Choice Multiple Answer

Question	Objectives of economic policy are
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Correct Answer	To increase the efficiency and international competitiveness of industrial production , To improve the performance and rationalize the scope of the public sector , To reform and modernize the financial sector
Your Answer	To increase the efficiency and international competitiveness of industrial production , To improve the performance and rationalize the scope of the public sector , To reform and modernize the financial sector

Multiple Choice Multiple Answer

Question	Macro Economics is the study of
Correct Answer	The aggregate behavior of the economy , The behavior of economic agents , Problems such as the rates of inflation, the balance of payments, etc
Your Answer	The aggregate behavior of the economy , Problems such as the rates of inflation, the balance of payments, etc , Economic welfare

True/False

Question	When demand and supply rise and fall in the same proportion, the equilibrium price changes.
Correct Answer	False
Your Answer	False

True/False

Question	Macro economic studies are based on empirical evidence.
Correct Answer	True
Your Answer	True

Multiple Choice Single Answer

Question	Production Function implies relationship between
Correct Answer	input & output
Your Answer	supply & quantity demanded

Match The Following

Question	Correct Answer	Your Answer
Joint – sector enterprises	Hindustan Machine Tools	Baumol
State enterprises	Public welfare	Hindustan Machine Tools
The Homeostatic theory	Prof. Kenneth Boulding	Cyert R.M. and J.G. March

Satisfying behavior	Cyert R.M. and J.G. March	Prof. Kenneth Boulding
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Multiple Choice Multiple Answer

Question	The production function can be studied in three ways
Correct Answer	Law of variable proportion , Laws to return to scale , Optimum combination of inputs
Your Answer	Law of variable proportion , Laws to return to scale , Optimum combination of inputs

Multiple Choice Multiple Answer

Question	Keynes's theory of employment explains
Correct Answer	Effective demand , Aggregate supply , Aggregate demand
Your Answer	Effective demand , Aggregate supply , Aggregate demand

Multiple Choice Single Answer

Question	While calculating accounting profit, the costs which are considered are by nature
Correct Answer	explicit
Your Answer	explicit

Multiple Choice Single Answer

Question	The profit which is surplus of revenue over and above all paid out cost is
Correct Answer	Accounting Profit
Your Answer	Economic Profit

LIST OF ATTEMPTED QUESTIONS AND ANSWERS

Multiple Choice Single Answer

Question Pure public goods are subject to the law of decreasing average cost, because of the

Correct Answer economies of scale

Your Answer economies of scale

Multiple Choice Single Answer

Question In the cost - benefit analysis, after formulating various alternative project capacity, each of them has to be examined in terms of its

Correct Answer feasibility

Your Answer feasibility

True/False

Question Bargaining is one of the remedies of corrective action.

Correct Answer False

Your Answer True

Match The Following

Question Correct Answer Your Answer

Defence service Indivisible Indivisible

Economic effects of public goods are Spill over effect Spill over effect

Selection or implementation Step of cost benefit analysis Step of cost benefit analysis

Production possibility frontier Maximization of output Maximization of output

Multiple Choice Multiple Answer

Question The advantage of cost-benefit analysis are

Correct Answer Maximization of social welfare , Objective measurement of the trade-off , Maximization of difference between total benefits & total costs

Your Answer Maximization of social welfare , Objective measurement of the trade-off , Maximization of difference between total benefits & total costs

Multiple Choice Multiple Answer

Question The term externalities may also be referred as:

Correct Answer Spill-over effects , Neighborhood effects , Third party effects

Your Answer Spill-over effects , Neighborhood effects , Third party effects

Select The Blank

Question Modern economists treat social cost and benefits as _____ of private investment and production decisions.

Correct Answer externalities

Your Answer disadvantages

Select The Blank

Question Economists like A.C.Harberger have shown that the cost benefit analysis can be applied to _____ analysis.

Correct Answer general equilibrium

Your Answer general equilibrium

Select The Blank

Question In the context of formulating an investment project, _____ feasibility means the availability of supervisors for implementing and running the project smoothly and professionally.

Correct Answer management

Your Answer management

Select The Blank

Question Prof. Sam Nelson calls risks from unsafe factories or nuclear power plants as _____ economies.

Correct Answer negative

Your Answer hazardous

Multiple Choice Single Answer

Question According to Lionel Robbins, "Economics is a science which studies

Correct Answer human behavior

Your Answer social behavior

Multiple Choice Single Answer

Question Question related to the efficient production and allocation belong to the branch of economic theory called

Correct Answer Welfare Economics

Your Answer Business Economics

Multiple Choice Multiple Answer

Question Managerial economics deals with

Correct Answer Integration of economic theory with business practice , Using logic of economics, mathematics & statistics , The use of economic modes of thought to analyze business solution

Your Answer Integration of economic theory with business practice , Using logic of economics, mathematics & statistics , The use of economic modes of thought to analyze business solution

Multiple Choice Single Answer

Question The public sector is owned & controlled by

Correct Answer state enterprises

Your Answer state enterprises

Select The Blank

Question Reasonable profit target as an alternative to the objective of profit maximization was suggested by _____.

Correct Answer Joel Dean

Your Answer Joel Dean

Select The Blank

Question "Homeostatic Approach" as an alternative objective of firms was suggested by _____.

Correct Answer Prof. Kenneth Boulding

Your Answer Prof. Kenneth Boulding

Select The Blank

Question The form of organization which is best for self employment is _____.

Correct Answer Sole trader

Your Answer Sole trader

True/False

Question Accounting profit takes in to account opportunity cost.

Correct Answer False

Your Answer False

Multiple Choice Single Answer

Question Complementary goods are demanded

Correct Answer jointly

Your Answer jointly

Multiple Choice Single Answer

Question If the substitutes are relatively costly then the demand for the commodity in question will be

Correct Answer more

Your Answer same

True/False

Question There are no real exceptions to the law of demand

Correct Answer False

Your Answer False

True/False

Question Demand curve slopes downwards from left to right.

Correct Answer True

Your Answer True

Select The Blank

Question An upward sloping demand curve is called _____

Correct Answer exceptional demand curve

Your Answer exceptional demand curve

Select The Blank

Question Goods which are paradoxical to the law of demand are _____

Correct Answer Giffen goods, ,

Your Answer Giffen goods, ,

Match The Following

Question Correct Answer Your Answer

Normally the isoquant slopes upward from right to left. downward from right to left

Any straight line supply curve which cuts y axis will have zero elasticity of supply. perfectly elastic

The market period supply curve for perishable commodities is perfectly inelastic. perfectly inelastic.

A rightwards shift in supply schedule indicates an increase in supply. an increase in supply.

Multiple Choice Multiple Answer

Question Explicit costs are

Correct Answer Out of pocket costs , These are firms accounting expenses , Expenditure costs

Your Answer Out of pocket costs , These are firms accounting expenses , Expenditure costs

Select The Blank

Question Output rises in a lesser proportion to that of the increase in input, under the case of _____.

Correct Answer decreasing returns to scale

Your Answer decreasing returns to scale

Select The Blank

Question The cost which enter the accounts book of the firm are referred as _____.

Correct Answer Accounting cost

Your Answer Accounting cost

Multiple Choice Single Answer

Question Jevons' , the economists who defined the term 'market' different from that of the traditional sense is an

Correct Answer English economists

Your Answer English economists

Multiple Choice Single Answer

Question Economists have pointed out that the real world is full of

Correct Answer Imperfect competition

Your Answer Imperfect competition

True/False

Question A firm under perfect competition is a price maker.

Correct Answer False

Your Answer False

True/False

Question Under perfect competition single seller can influence the price.

Correct Answer False

Your Answer False

Multiple Choice Multiple Answer

Question Types of imperfect competition are

Correct Answer Monopoly , Duopoly , Oligopoly

Your Answer Monopoly , Duopoly , Oligopoly

Multiple Choice Multiple Answer

Question Features of Pure Competition are

Correct Answer Large number of buyers and sellers , Homogeneous products , Free entry and free exit of firms

Your Answer Large number of buyers and sellers , Homogeneous products , Free entry and free exit of firms

Multiple Choice Multiple Answer

Question Equilibrium is the stage of

Correct Answer maximum satisfaction , balance , stationary

Your Answer maximum satisfaction , balance

Multiple Choice Single Answer

Question Inflation is a phenomena in which prices

Correct Answer rise

Your Answer rise

Multiple Choice Single Answer

Question True inflation starts only after reaching the level of full

Correct Answer Employment

Your Answer Employment

True/False

Question During inflation, the pensioners whose income is permanently fixed, are substantially benefited.

Correct Answer False

Your Answer False

True/False

Question Saving is a private virtue

Correct Answer True

Your Answer True

Multiple Choice Multiple Answer

Question According to Keynes, Aggregate supply function refers to

Correct Answer the minimum price of revenue which the entrepreneurs must get , Associated with different levels of employment , Explains that the level of out put varies with the level of employment

Your Answer the minimum price of revenue which the entrepreneurs must get , Associated with different levels of employment , Explains that the level of out put varies with the level of employment

Multiple Choice Multiple Answer

Question Marginal Propensity to consume is characterized as follows

Correct Answer It is defined as the ratio of the change in consumption to the change in income , It is rate of change in the average propensity to consume as income changes , It is derived by the formula $mpc = \frac{\text{change in } c}{\text{change in } y}$

Your Answer It is rate of change in the average propensity to consume as income changes , It is derived by the formula $mpc = \frac{\text{change in } c}{\text{change in } y}$, It is derived by dividing the change in income by change in the consumption expenditure

Multiple Choice Single Answer

Question During the period of depression various factors of production are

Correct Answer exhausted

Your Answer unutilized

True/False

Question In general SBI uses its monetary policy to achieve a judicious balance between the growth of production and control of the general price level.

Correct Answer False

Your Answer False

True/False

Question Public enterprises have shown a very high rate of return of the capital invested

Correct Answer False

Your Answer False

Multiple Choice Multiple Answer

Question The meaning of monetary policy is

Correct Answer It is programmed of the central bank , It controls the total supply of money , The basic objective is to achieve economic stability

Your Answer It is programmed of the central bank , It controls the total supply of money , The basic objective is to achieve economic stability

Multiple Choice Multiple Answer

Question Main aims of the New Industrial Policy (1991) are

Correct Answer To unshackle the indian industrial economy from the cobwebs of unnecessary bureaucratic control , To introduce liberalization with a view to integrate the indian economy with the world economy , To remove restrictions on direct foreign investment as also to free the domestic entrepreneur from the restriction of MRTP act

Your Answer To unshackle the indian industrial economy from the cobwebs of unnecessary bureaucratic control , To introduce liberalization with a view to integrate the indian economy with the world economy , To remove restrictions on direct foreign investment as also to free the domestic entrepreneur from the restriction of MRTP act

Multiple Choice Multiple Answer

Question Objectives of economic policy are

Correct Answer To increase the efficiency and international competitiveness of industrial production , To improve the performance and rationalize the scope of the public sector , To reform and modernize the financial sector

Your Answer To increase the efficiency and international competitiveness of industrial production , To improve the performance and rationalize the scope of the public sector , To reform and modernize the financial sector

LIST OF ATTEMPTED QUESTIONS AND ANSWERS ME1

Question In India, the first phase of economic reforms is believed to have begun in 1985 when Vishwanath Pratap Singh was the Prime Minister of the country.

Correct Answer False

Your Answer False

Question Price discrimination is possible in case of

Correct Answer public utilities with legal sanction , personnel services sold , geographical barriers

Your Answer public utilities with legal sanction , personnel services sold , geographical barriers

Question The methods of calculating depreciation is

Correct Answer Diminishing Balance Method , Annuity Method , Service Unit Method

Your Answer Diminishing Balance Method , Annuity Method , Service Unit Method

Question Correct Answer Your Answer

Break even point $T.R. = T.C.$ $T.R. = T.C.$

Normal profit Implicit cost Short run cost

Average variable cost (A.V.C.) Short run cost Explicit cost

Change in supply Increase and decrease in supply Expansion and contraction of supply

Question A competitive industry has three basic characteristics

Correct Answer Large Number of Firms , Homogeneous Product , Free entry and exit

Your Answer Large Number of Firms , Homogeneous Product , Free entry and exit

Question To solve the unemployment problem , the level of effective demand must decrease.

Correct Answer False

Your Answer True

Question The act of using goods and services to satisfy wants is called

Correct Answer consumption

Your Answer consumption

Question The minimum number of directors which public limited should have is

Correct Answer 3

Your Answer 3

Question The factors of production are

Correct Answer Labour , Land , Capital

Your Answer Labour , Land , Profit

Question Economists have pointed out that the real world is full of

Correct Answer Imperfect competition

Your Answer Monopolistic competition

Question According to J.M. Keynes, the equilibrium between the aggregate demand function and the aggregate supply function can, and often does take place at

Correct Answer less than full employment

Your Answer full employment

Question Important theories of profits are

Correct Answer Uncertainty-bearing theory of profit , Dynamic theory of profit , Life cycle theory

Your Answer Risk taking theory , Uncertainty-bearing theory of profit , Dynamic theory of profit

Question The things that are produced by factors of production are called

Correct Answer commodities

Your Answer commodities

Question Demand is determined by

Correct Answer Price of the product , Relative prices of other goods , Tastes and habits

Your Answer Price of the product , Relative prices of other goods , Tastes and habits

Question The necessary condition of profit maximization of a firm is that Marginal Revenue (M.R) must be equal to _____.

Correct Answer Marginal cost (M.C)

Your Answer Marginal cost (M.C)

Question The concept of just distribution of national product is a

Correct Answer normative

Your Answer objective

Question Dalal Street in Bombay is known as

Correct Answer Bombay Stock Exchange

Your Answer Bombay Stock Exchange

Question The type economic problem is

Correct Answer universal

Your Answer universal

Question Preference share holders get a rate of dividend which is

Correct Answer fixed

Your Answer high

Question The act of making goods and services is called

Correct Answer production

Your Answer production

Question Contraction of supply is traced by the downward movement on the supply curve

Correct Answer True

Your Answer True

Question Baumol has suggested as an alternative objective for profit maximization , the maximization of _____

Correct Answer sales

Your Answer sales

Match The Following

Question Correct Answer Your Answer

Commodities goods and services goods and services

Human wants unlimited unlimited

General Theory of Employment, Interest and Money J. M. Keynes J. M. Keynes

Managerial economics Decision making and forward planning Decision making and forward planning

Resources scarce scarce

Question In the traditional concept of equilibrium, a firm attains the equilibrium when the firm's Total Revenue (T.R.) = Total Cost (T.C.).

Correct Answer False

Your Answer True

Question Under cost plus pricing

Correct Answer The price is set to cover material, labour cost, Actual costs, standard costs are included, Certain percentage of profit also included

Your Answer The price is set to cover material, labour cost, Actual costs, standard costs are included, Certain percentage of profit also included

Question In economics, supply is considered to be a

Correct Answer relative term

Your Answer relative term

Question In economics the question related to the selection of methods with which commodities are produced is a subject matter of

Correct Answer theory of production

Your Answer theory of production

Question Under the decreasing returns to scale, the marginal output curve slopes

Correct Answer downward

Your Answer downward

Question Managerial economics generally refers to the integration of economic theory with business

Correct Answer Practice

Your Answer Practice

Question Steps in cost benefit analysis

Correct Answer Identification of a project, Formulation of the project, Appraisal and selection of the project

Your Answer Identification of a project, Formulation of the project, Appraisal and selection of the project

Question Slope of supply curve is

Correct Answer positive

Your Answer positive

Question The salary of the proprietor or rent on own land are the _____.

Correct Answer Implicit cost

Your Answer Implicit cost

Question The profits which must be deducted from the gross profits to arrive at net profits are

Correct Answer Monopoly Profits

Your Answer Monopoly Profits

Question We say that a nation faces economic problems, under following conditions

Correct Answer Man has unlimited wants or ends , The means or resources to satisfy them are limited , These resources are not specific but have alternative uses

Your Answer Man has unlimited wants or ends , The means or resources to satisfy them are limited , These resources are not specific but have alternative uses

Question A shift in the demand curve to the left shows increase in demand.

Correct Answer False

Your Answer False

Question The sum of total fixed costs and total variable costs is the total cost.

Correct Answer True

Your Answer True

Question A Joint- Stock Company is owned by its share holders but it is managed by

Correct Answer **Board of Directors**

Your Answer Non-government organization

Question The liability of a Karta in a Joint Hindu Family Business firm is _____.

Correct Answer limited

Your Answer joint

Question A fall in price tends the demand for goods to _____

Correct Answer expand

Your Answer increase

Question The supply curve slopes downwards from left to right.

Correct Answer False

Your Answer False

Question Poverty is the root cause of Economic problem.

Correct Answer False

Your Answer False

Question Every nation's resources which are used to produce the quantities of goods and services that would be required to satisfy all its citizen's wants are

Correct Answer insufficient

Your Answer insufficient

Question In case of a proprietary firm, the liability for all his debts is

Correct Answer unlimited

Your Answer unlimited

Question The city of Kashmir has specialized in the manufacture of

Correct Answer shawls

Your Answer shawls

Question The Laws of Returns to scale are

Correct Answer Law of Increasing Returns to Scale , Law of Constant Returns to Scale , Law of Decreasing Returns to scale

Your Answer Law of Increasing Returns to Scale , Law of Constant Returns to Scale , Law of Decreasing Returns to scale

Question Managerial economics is also understood to refer to

Correct Answer applied economics

Your Answer applied economics

Question The registration of a partnership firm is voluntary

Correct Answer True

Your Answer True

LIST OF ATTEMPTED QUESTIONS AND ANSWERS ME2

Question A responsible factor for inflation is

Correct Answer hike in prices

Your Answer hike in prices

Question Economists call all human resources as

Correct Answer labor

Your Answer labor

Question The wage and salary earners who get fixed income in terms of money are benefited during inflation.

Correct Answer False

Your Answer False

Question Over the years in India the govt. expenditure is

Correct Answer increasing

Your Answer increasing

Question Given the price, if the cost of production increases because of higher price of raw materials, the supply

Correct Answer decreases

Your Answer decreases

Question All the man made resources which are used in the process of making other goods and services are called

Correct Answer capital

Your Answer capital

Question Micro-economics is primarily concerned with the problem of what, how and for whom to produce?

Correct Answer False

Your Answer False

Question Inflation is characterized by excess of demand.

Correct Answer True

Your Answer True

Question Individual Demand Schedule

Correct Answer Is in tabular form , It shows the prices of goods , It shows the quantities of a commodity purchased

Your Answer Is in tabular form , It shows the prices of goods , It shows the quantities of a commodity purchased

Question Measurement of profit becomes difficult because of the difficulty involved in the calculation of depreciation.

Correct Answer True

Your Answer False

Question Main aims of the New Industrial Policy (1991) are

Correct Answer To unshackle the indian industrial economy from the cobwebs of unnecessary bureaucratic control , To introduce liberalization with a view to integrate the indian economy with

the world economy , To remove restrictions on direct foreign investment as also to free the domestic entrepreneur from the restriction of MRTP act

Your Answer To unshackle the indian industrial economy from the cobwebs of unnecessary bureaucratic control , To introduce liberalization with a view to integrate the indian economy with the world economy , To remove restrictions on direct foreign investment as also to free the domestic entrepreneur from the restriction of MRTP act

Question Free riders' is a term associated with the people who would like to have benefit of a good without sharing the cost of its supply.

Correct Answer True

Your Answer True

Question Managerial economics aims at providing help in the firms is

Correct Answer decision making

Your Answer decision making

Question The persons who own the _____hip concern are called Partners.

Correct Answer Partners

Your Answer Partners

Question The minimum number of directors which private limited should have is _____.

Correct Answer 2

Your Answer 2

Question Generally, the larger the income of a consumer, his demand for overall commodities tends to be relatively elastic.

Correct Answer False

Your Answer True

Question Correct Answer Your Answer

Resource allocation decisions in free market economy Theory of price Theory of price

Economic problem Universal Universal

Managerial Economics Applied branch of knowledge Applied branch of knowledge

Inflation Reduction in purchasing power Reduction in purchasing power

Waste of resources Involuntary unemployment Involuntary unemployment

Question In the context of externalities, driving the smoke-emitting buses and trucks in the cities is an example of _____ cost.

Correct Answer social

Your Answer environmental

Question Correct Answer Your Answer

Variable cost can refer to operating costs alone. operating costs alone.

The relationship between price and the quantity supplied of a product is indicated by upward sloping curve. upward sloping curve.

Elasticity of supply means change in supply due to change in price of commodity. price of commodity.

Fixed cost is known as prime cost. prime cost.

Question Cost-benefit analysis refers to the analysis undertaken to judge any projects whether government or private and find out its worth.

Correct Answer investments

Your Answer investments

Question Variable cost are those costs which vary with the level of

Correct Answer output

Your Answer output

Question An individual consumer or particular market for a given commodity are the subject matter of

Correct Answer Micro Economics

Your Answer Micro Economics

Question In the Dynamic Theory of Profit, Prof. Clark has pointed out the types of changes, which are

Correct Answer Changes in the supply of capital , Changes in population , Changes in the techniques of production

Your Answer Changes in the supply of capital , Changes in population , Changes in the techniques of production

Question Given the price, if the cost of production of a commodity decreases because of the use of improved technique of production, there will be increase in supply.

Correct Answer True

Your Answer True

Question True inflation starts only after reaching the level of full

Correct Answer Employment

Your Answer Employment

Question All the free gifts of nature which are commonly called natural resources are known to economists as

Correct Answer Land

Your Answer Land

Question Reasons for need of public distribution system are

Correct Answer To maintain stable price conditions , To bring an efficient management of the supply , To supply the necessary goods to people at reasonable price

Your Answer To maintain stable price conditions , To bring an efficient management of the supply , To supply the necessary goods to people at reasonable price

Question Production Function implies relationship between

Correct Answer input & output

Your Answer input & output

Question The important determinants of supply are

Correct Answer Always referred to in relation to price & time , Government policy , Availability of factors of production

Your Answer Always referred to in relation to price & time , Government policy , Availability of factors of production

Question In economics the questions related to the division of society's output of goods and services among its members are topics in

Correct Answer theory of distribution
Your Answer theory of distribution

Question Demand for a commodity depends on the relative price of its _____

Correct Answer substitute goods
Your Answer substitute goods

Question In case of the co-operative societies supplying cheap inputs or supplying consumer products at fair prices, a system of subsidized pricing is followed.

Correct Answer True
Your Answer False

Question During periods of inflation, the income of farmers as a class decreases.

Correct Answer True
Your Answer True

Question By ' profits', the accountant means total revenue minus_____.

Correct Answer Explicit costs
Your Answer Sunk cost

Question The index numbers which measure the changes in the general price level of a country refers to _____

Correct Answer Wholesale prices index
Your Answer Commodity prices index

Question The study of the working and allocation of resources in the free market economies is the topic in the

Correct Answer theory of price
Your Answer theory of price

Question According to the Government, the buildup of inflationary pressure during the Nineties was attributed to

Correct Answer Higher Fiscal deficit
Your Answer Higher Fiscal deficit

Question In economics the questions related to the dynamic or static (otherwise) capacity of the economy to produce goods and services are topics in the

Correct Answer theory of economic growth
Your Answer theory of economic growth

Question Increasing Returns explains

Correct Answer Total product increases at an increasing rate , Marginal product increasing and it is maximum , Average product is increasing but it is below MP
Your Answer Total product increases at an increasing rate , Marginal product increasing and it is maximum , Average product is increasing but it is below MP

Question Implicit costs are

Correct Answer Cost on self owned resources , Costs of salary of the proprietor , Interest on the entrepreneur's own investment
Your Answer Cost on self owned resources , Costs of salary of the proprietor , Interest on the entrepreneur's own investment

Question Characteristics of the phase of Depression are

Correct Answer Decrease in economic activities , The growth rate becomes negative , The level of national income declines rapidly
Your Answer Decrease in economic activities , The growth rate becomes negative , The level

of national income declines rapidly

Question Micro-economic theory studies how a free enterprise economy determines the price of economic resources

Correct Answer False

Your Answer True

Question Economists like A.C.Harberger have shown that the cost benefit analysis can be applied to _____ analysis.

Correct Answer general equilibrium

Your Answer general equilibrium

Question Break-Even analysis is derived by

Correct Answer Fixed cost , Average variable cost , Quantity of goods and price

Your Answer Fixed cost , Average variable cost , Quantity of goods and price

Question Managerial economics deals with

Correct Answer Integration of economic theory with business practice , Using logic of economics, mathematics & statistics , The use of economic modes of thought to analyze business solution

Your Answer Integration of economic theory with business practice , Using logic of economics, mathematics & statistics , The use of economic modes of thought to analyze business solution

LIST OF ATTEMPTED QUESTIONS AND ANSWERS ME3

Question In the context of formulation of an investment project, _____ feasibility means the availability of land, plant, machinery, raw materials and technical know how etc.

Correct Answer technical

Your Answer infrastructure

Question Scarcity of resources is the root cause of economic problem.

Correct Answer True

Your Answer True

Question Inflation reduces the purchasing power of people's income and savings.

Correct Answer True

Your Answer True

Question Demand for safety pins is _____

Correct Answer inelastic

Your Answer relatively inelastic

Question Reasonable profit target as an alternative to the objective of profit maximization was suggested by _____.

Correct Answer Joel Dean

Your Answer Joel Dean

Question Correct Answer Your Answer

Motor cars Tangible goods Tangible goods

Wants Insatiable Insatiable

Managerial Economics Prescriptive in nature Prescriptive in nature

Resources Alternative uses Alternative uses

Division of society's output of goods and services The theory of distribution The theory of distribution

Question Output rises in a lesser proportion to that of the increase in input, under the case of _____.

Correct Answer decreasing returns to scale

Your Answer decreasing returns to scale

Question Social costs cannot be included in a firm's account book.

Correct Answer True

Your Answer False

Question Economic problem arises only in case of an overpopulated country.

Correct Answer False

Your Answer False

Question The cost which enter the accounts book of the firm are referred as _____.

Correct Answer Accounting cost

Your Answer Accounting cost

Question The question regarding the nature and quantities of commodities to be produced is solely restricted to capitalist economies.

Correct Answer False

Your Answer True

Question There are no real exceptions to the law of demand

Correct Answer False

Your Answer False

Question The federal government of U.S.A. does not face the basic economic problem.

Correct Answer False

Your Answer False

Question The subject matter of managerial economics covers two important areas namely decision-making and

Correct Answer forward Planning

Your Answer forward Planning

Match The Following

Question Correct Answer Your Answer

Decrease in Demand Leftward shift of the demand curve Leftward shift of the demand curve

Contraction of Demand Upward movement on the demand curve Upward movement on the demand curve

Increase in demand Upward shift of the demand curve Upward shift of the demand curve

Extension of demand **Downward movement on the demand curve** Downward movement on the demand curve

Question The promoters of a company can get incorporated by filing with the registrar of companies various documents such as

Correct Answer Memorandum of Association , Articles of Association , Prospectus

Your Answer Articles of Association , Prospectus

Question Features of public sector enterprises

Correct Answer it is controlled by the state , separate funds to undertake their activity , they are accountable to public

Your Answer it is controlled by the state , separate funds to undertake their activity , they are accountable to public

Question The production function studies

Correct Answer Input and out put relation , Factors of production and final production , Technology used in production

Your Answer Input and out put relation , Factors of production and final production , Demand for production

Question In the 3rd stage of operation of the law of variable proportions, the marginal product becomes _____.

Correct Answer negative

Your Answer negative

Question In a market economy _____ is the best judge of personal interest.

Correct Answer individual

Your Answer public

Question All the buyers and sellers operating under perfect competition have knowledge which is

Correct Answer perfect

Your Answer perfect

Question In a market system of an economy, producers are guided by _____ motive.

Correct Answer profit

Your Answer profit

Question The cost recorded in the books of accounts are considered as

Correct Answer explicit costs

Your Answer explicit costs

Question Demand forecasts are necessary for

Correct Answer Fulfillment of objective of the plans , Preparation of a budget , Expansion of firms

Your Answer Fulfillment of objective of the plans , Preparation of a budget , Expansion of firms

Question Inflation reduces the purchasing power of money and savings.

Correct Answer True

Your Answer True

Question Features of an Industry are

Correct Answer All firms dealing in the same line of business , The ownership and management of each firm is different , Is a group of firms

Your Answer All firms produce different goods , All firms dealing in the same line of business , The ownership and management of each firm is different

Question The characteristics of a sole proprietorship firm is

Correct Answer Unlimited Capital , Ownership by a single person , Easy to form

Your Answer Ownership by a single person , Easy to form

Question Normally, a larger quantity is demanded at

Correct Answer lower price

Your Answer lower price

Question When a company raises additional finance by borrowing from the public for a specific period of time at a particular rate of interest, it is called as

Correct Answer Debentures

Your Answer Debentures

Question In cost benefit analysis, in the valuation of costs and benefits, for finding the present value, one has to make use of

Correct Answer discount rate

Your Answer discount rate

Question Like a particular street in a city, the entire city may sometimes specialize in the production of a particular commodity. The city acquires the status of a

Correct Answer national market

Your Answer capital market

Question Types of Share capital of Joint-Stock Company are

Correct Answer registered or authorized capital, issued capital, paid-up capital

Your Answer registered or authorized capital, issued capital, paid-up capital

Question An upward sloping demand curve is called _____

Correct Answer exceptional demand curve

Your Answer exceptional demand curve

Question Different types of Elasticity of Demand are

Correct Answer Price elasticity of demand, Income elasticity of demand, Cross elasticity of demand

Your Answer Price elasticity of demand, Income elasticity of demand, Cross elasticity of demand

Question Cournot, the economists who defined the term 'market' different from that of the traditional sense is an

Correct Answer French economists

Your Answer French economists

Question Demand forecasting is predicting for the demand of a firm's product in

Correct Answer future

Your Answer future

Question Pure inflation starts only after reaching the full employment level.

Correct Answer True

Your Answer True

Question A monopolist is a price maker.

Correct Answer True

Your Answer True

Question The demand curve (A.R.) of a firm under perfect competition is

Correct Answer perfectly elastic

Your Answer perfectly elastic

Question Managerial economics aims at providing guidance to the firms for

Correct Answer decision making

Your Answer decision making

Question In case of defense services, all the sections of the society are equally protected and benefited. The defense services in other words is

Correct Answer indivisible in character , cannot be priced in the market , a public good

Your Answer indivisible in character , cannot be priced in the market

Question A fall in quantity demanded without a fall in price shows decrease in demand.

Correct Answer True

Your Answer True

Question The subject matter of macro - economics includes the theory of income and employment at an individual level.

Correct Answer False

Your Answer False

LIST OF ATTEMPTED QUESTIONS AND ANSWERS

Multiple Choice Multiple Answer

Question Types of Share capital of Joint-Stock Company are

Correct Answer registered or authorized capital , issued capital , paid-up capital

Your Answer registered or authorized capital , issued capital , paid-up capital

Match The Following

Question Correct Answer Your Answer

Equilibrium price is the price where the quantity demanded equals quantity supplied quantity demanded equals quantity supplied

Excess supply can be defined as quantity supplied minus quantity demanded. quantity supplied minus quantity demanded.

Tea and sugar Complimentary goods Complimentary goods

Excess demand can be defined as quantity demanded minus quantity supplied quantity demanded minus quantity supplied

Multiple Choice Single Answer

Question The act of making goods and services is called

Correct Answer production

Your Answer production

Multiple Choice Single Answer

Question The act of using goods and services to satisfy wants is called

Correct Answer consumption

Your Answer consumption

Select The Blank

Question The liability of a Karta in a Joint Hindu Family Business firm is _____.

Correct Answer limited

Your Answer limited

Select The Blank

Question Demand for a commodity depends on the relative price of its _____

Correct Answer substitute goods

Your Answer substitute goods

Multiple Choice Multiple Answer

Question 'reasonable profit' are

Correct Answer Capital Attraction , Plough Back , Normal earnings

Your Answer Capital Attraction , Plough Back , Normal earnings

Multiple Choice Multiple Answer

Question Features of Long -run market are

Correct Answer It is durable goods market , Supply can be increased or reduced according to the demand , Sellers at least recover minimum price for their goods

Your Answer It is durable goods market , Supply can be increased or reduced according to the demand , Sellers at least recover minimum price for their goods

Multiple Choice Single Answer

Question The type economic problem is

Correct Answer universal

Your Answer universal

Select The Blank

Question In a market system of an economy, producers are guided by _____ motive.

Correct Answer profit

Your Answer profit

Multiple Choice Single Answer

Question An individual consumer or particular market for a given commodity are the subject matter of

Correct Answer Micro Economics

Your Answer Micro Economics

Select The Blank

Question The index numbers which measure the changes in the general price level of a country refers to _____

Correct Answer Wholesale prices index

Your Answer Wholesale prices index

Multiple Choice Single Answer

Question While calculating accounting profit, the costs which are considered are by nature

Correct Answer explicit

Your Answer implicit

Multiple Choice Single Answer

Question Given the price, if the cost of production increases because of higher price of raw materials, the supply

Correct Answer decreases

Your Answer decreases

Multiple Choice Single Answer

Question The things that are produced by factors of production are called

Correct Answer commodities

Your Answer commodities

Multiple Choice Single Answer

Question The concept of just distribution of national product is a

Correct Answer normative

Your Answer normative

Multiple Choice Single Answer

Question In economics the question related to the selection of methods with which commodities are produced is a subject matter of

Correct Answer theory of production

Your Answer theory of production

True/False

Question In case of the co-operative societies supplying cheap inputs or supplying consumer products at fair prices, a system of subsidized pricing is followed.

Correct Answer True

Your Answer True

Select The Blank

Question Modern economists treat social cost and benefits as _____ of private investment and production decisions.

Correct Answer externalities

Your Answer externalities

Multiple Choice Multiple Answer

Question The market system of economy is based on the following foundations:

Correct Answer Consumer's Sovereignty , Non-interference by the state. , Private Profit Motive

Your Answer Consumer's Sovereignty , Private Profit Motive , Existence of monopoly

Select The Blank

Question The indivisible goods to which the principle exclusion does not apply are called _____ goods.

Correct Answer pure public

Your Answer private

Select The Blank

Question The goods become _____ only when each individual has an access to the entire amount of it and its use by the individual does not reduce its availability to others.

Correct Answer indivisible

Your Answer public

Multiple Choice Single Answer

Question The city of Banaras has specialized in the manufacture of

Correct Answer silk

Your Answer silk

True/False

Question During inflation, the pensioners whose income is permanently fixed, are substantially benefited.

Correct Answer False

Your Answer False

Select The Blank

Question Economists like A.C.Harberger have shown that the cost benefit analysis can be applied to _____ analysis.

Correct Answer general equilibrium

Your Answer general equilibrium

True/False

Question Generally, the larger the income of a consumer, his demand for overall commodities tends to be relatively elastic.

Correct Answer False

Your Answer False

Multiple Choice Single Answer

Question In economics the questions related to the division of society's output of goods and services among its members are topics in

Correct Answer theory of distribution

Your Answer theory of distribution

True/False

Question Supply management is related to the volume of supply & its distribution system.

Correct Answer True

Your Answer True

Select The Blank

Question Demand for safety pins is _____

Correct Answer inelastic

Your Answer inelastic

Multiple Choice Single Answer

Question Every nation's resources which are used to produce the quantities of goods and services that would be required to satisfy all its citizen's wants are

Correct Answer insufficient

Your Answer insufficient

True/False

Question Under the disinvestments process, there is full transfer of ownership

Correct Answer True

Your Answer False

Multiple Choice Single Answer

Question In cost - benefit analysis, after the step of appraisal and selection of the project is the step of

Correct Answer comparison of the cash flow

Your Answer comparison of the cash flow

Multiple Choice Single Answer

Question When a company raises additional finance by borrowing from the public for a specific period of time at a particular rate of interest, it is called as

Correct Answer Debentures

Your Answer Debentures

Multiple Choice Multiple Answer

Question Features of market period are

Correct Answer Related to few hours or few days , Related to perishable goods , The entire supply is to be disposed off on the same day

Your Answer Related to few hours or few days , Related to perishable goods , The entire supply is to be disposed off on the same day

Select The Blank

Question In the context of formulating an investment project, _____ feasibility means the availability of supervisors for implementing and running the project smoothly and professionally.

Correct Answer management

Your Answer organizational

Multiple Choice Multiple Answer

Question Increasing Returns explains

Correct Answer Total product increases at an increasing rate , Marginal product increasing and

it is maximum , Average product is increasing but it is below MP

Your Answer Total product increases at an increasing rate , Marginal product increasing and it is maximum , Average product is increasing but it is below MP

Multiple Choice Single Answer

Question Managerial economics generally refers to the integration of economic theory with business

Correct Answer Practice

Your Answer Practice

Multiple Choice Multiple Answer

Question Scope of Managerial Economics deals with

Correct Answer Demand analysis and forecasting , Production function & cost analysis , Inventory management advertising, price system

Your Answer Demand analysis and forecasting , Production function & cost analysis , Inventory management advertising, price system

Multiple Choice Single Answer

Question The observation of economic histories of the United States & West European countries shows that competition , the heart of market mechanism gives rise to

Correct Answer monopolies

Your Answer price competition

Match The Following

Question Correct Answer Your Answer

Chance profit Outbreak of war Outbreak of war

Innovation theory of profit Joseph Schumpeter Joseph Schumpeter

Uncertainty bearing F. H. Knight theory F. H. Knight theory

Implicit cost Opportunity cost Opportunity cost

Multiple Choice Single Answer

Question During a period of rising prices (inflation), the goods and services are

Correct Answer scarce

Your Answer are also increasing

True/False

Question Contraction of supply is traced by the downward movement on the supply curve

Correct Answer True

Your Answer True

Multiple Choice Single Answer

Question Over the years in India the govt. expenditure is

Correct Answer increasing

Your Answer increasing

True/False

Question To solve the unemployment problem , the level of effective demand must decrease.

Correct Answer False

Your Answer False

True/False

Question Demand is related to price, time and place.

Correct Answer True

Your Answer False

Multiple Choice Single Answer

Question Managerial economics is also understood to refer to

Correct Answer applied economics

Your Answer applied economics

Select The Blank

Question A fall in price tends the demand for goods to _____

Correct Answer expand

Your Answer expand

LIST OF ATTEMPTED QUESTIONS AND ANSWERS

True/False

Question Macro economic studies are based on empirical evidence.

Correct Answer True

Your Answer True

Select The Blank

Question According to the World Bank's approach, the trade able items would be valued at the corresponding world prices and the non-trade able items at the _____.

Correct Answer shadow prices

Your Answer market prices

Multiple Choice Single Answer

Question The study of the working and allocation of resources in the free market economies is the topic in the

Correct Answer theory of price

Your Answer theory of price

Multiple Choice Single Answer

Question Costs which increase because of the expansion of a firm are called

Correct Answer incremental

Your Answer incremental

True/False

Question In the Long- run, supply of goods can be adjusted to the demand and therefore supply curve is horizontal to the X-axis.

Correct Answer False

Your Answer True

Select The Blank

Question By ' profits', the accountant means total revenue minus_____.

Correct Answer Explicit costs

Your Answer Implicit cost

Multiple Choice Multiple Answer

Question Features of short run period are

Correct Answer Supply of goods can be adjusted to the demand to some extent , Supply and demand determine the price , Some factors can be changed

Your Answer Supply of goods can be adjusted to the demand to some extent , Supply and demand determine the price , Some factors can be changed

Select The Blank

Question The law of constant returns to scale is depicted by the marginal output curve which is _____.

Correct Answer horizontal

Your Answer horizontal

Multiple Choice Single Answer

Question The method of calculating depreciation in which the actual working hours of a capital asset are taken in to account is

Correct Answer service unit

Your Answer service unit

True/False

Question Demand curve slopes upwards from left to right.

Correct Answer False

Your Answer False

Multiple Choice Single Answer

Question All the free gifts of nature which are commonly called natural resources are known to economists as

Correct Answer Land

Your Answer Land

True/False

Question Macro-economics is a policy oriented science.

Correct Answer True

Your Answer True

Multiple Choice Single Answer

Question The assumption of perfect competition in all the analytical theories is made by

Correct Answer Classical economists

Your Answer Keynesian economists

Select The Blank

Question In the 3rd stage of operation of the law of variable proportions, the marginal product becomes _____.

Correct Answer negative

Your Answer positive

Multiple Choice Multiple Answer

Question Reasons for need of public distribution system are

Correct Answer To maintain stable price conditions , To bring an efficient management of the supply , To supply the necessary goods to people at reasonable price

Your Answer To maintain stable price conditions , To bring an efficient management of the supply , To supply the necessary goods to people at reasonable price

Select The Blank

Question When demand for the product increases in the same proportion in which income increases, Income elasticity of demand will be equal to _____

Correct Answer unity

Your Answer greater than unity

Multiple Choice Multiple Answer

Question Accounting profit includes

Correct Answer wages , rent , interest

Your Answer wages , rent , interest

Multiple Choice Multiple Answer

Question The fiscal policy includes

Correct Answer Formation of taxation policy , It is an instrument for economic stabilization , Monitoring of public expenditure

Your Answer Formation of taxation policy , It is an instrument for economic stabilization , Monitoring of public expenditure

Multiple Choice Single Answer

Question The method of inventory valuation in which , the cost of production is calculated on the assumption that the material which was last to enter the inventory of the company was used first is

Correct Answer LIFO

Your Answer LIFO

Select The Blank

Question A private limited company can be formed with 2 to 50 members maximum, excluding

Correct Answer employee shareholders

Your Answer employee shareholders

Multiple Choice Single Answer

Question The number of sellers operating under monopolistic competition as compare to oligopoly is

Correct Answer larger

Your Answer larger

Multiple Choice Multiple Answer

Question Causes for rise in prices in India

Correct Answer Mounting government expenditure , Deficit financing and increase in money supply , Role of black money

Your Answer Mounting government expenditure , Deficit financing and increase in money supply , Increase in demand

True/False

Question Social costs cannot be included in a firm's account book.

Correct Answer True

Your Answer False

Multiple Choice Single Answer

Question AVC is the per unit variable cost of

Correct Answer production

Your Answer total revenue

Multiple Choice Multiple Answer

Question Exceptions to the Law of Demand are

Correct Answer Giffen goods , Articles of snob appeal , Speculation

Your Answer Giffen goods , Articles of snob appeal , Speculation

Question In the cost - benefit analysis, the first step involved is that the investor has to choose a few project alternatives promising a

Correct Answer high rate of return

Your Answer high rate of return

Question In the Dynamic Theory of Profit, Prof. Clark has pointed out the types of changes, which are

Correct Answer Changes in the supply of capital , Changes in population , Changes in the techniques of production

Your Answer Changes in the supply of capital , Changes in population , Changes in the techniques of production

Question Economic problem is faced by poor countrys only.

Correct Answer False

Your Answer False

Match The Following

Question Correct Answer Your Answer

Pure private goods Divisible goods Divisible goods

Self -interest Market economy Neighborhood

Danger from drunken drivers Negative economies Negative economies

Impure public goods Quasi - public goods Quasi - public goods

Multiple Choice Multiple Answer

Question Types of imperfect competition are

Correct Answer Monopoly , Duopoly , Oligopoly

Your Answer Monopoly , Duopoly , Oligopoly

Question If the output rises in the greater proportion than that of the increase in factor inputs, it is referred to as _____.

Correct Answer increasing returns to scale.

Your Answer increasing returns to scale.

Question Investment is significant because

Correct Answer Addition to the real capital assets , It leads to increase in level of income , Increases accumulated wealth of the society

Your Answer Addition to the real capital assets , It leads to increase in level of income , Increases accumulated wealth of the society

Question In the context of externalities, driving the smoke-emitting buses and trucks in the cities is an example of _____ cost.

Correct Answer social

Your Answer social

Question According to Lionel Robbins, "Economics is a science which studies

Correct Answer human behavior

Your Answer economic variables behavior

Question The out of pocket costs are _____.

Correct Answer Explicit costs

Your Answer Explicit costs

Question A firm gets an opportunity to produce multiple products because changes in business activity in a firms is

Correct Answer cyclical

Your Answer rapid

Question Market system or market economy suffers from time to time from economic

depressions.

Correct Answer True

Your Answer True

Question Under competitive conditions, market mechanism would automatically bring equilibrium at the level of

Correct Answer full employment

Your Answer optimum produce

Question Micro-economics is primarily concerned with the problem of what, how and for whom to produce?

Correct Answer False

Your Answer True

Question Factors influencing selling costs are

Correct Answer Type of product , Introduction of new goods , Technology changes

Your Answer Type of product , Introduction of new goods , Advertising by customers

Question The important determinants of supply are

Correct Answer Always referred to in relation to price & time , Government policy , Availability of factors of production

Your Answer Always referred to in relation to price & time , Government policy , Availability of factors of production

Question The slope of Supply curve of labour is always

Correct Answer backward

Your Answer upward

Question In economics the questions related to the dynamic or static (otherwise) capacity of the economy to produce goods and services are topics in the

Correct Answer theory of economic growth

Your Answer theory of economic growth

Question Features of monopolistic Competition are

Correct Answer Fairly large number of firms , Product differentiation , Selling costs are existed

Your Answer Fairly large number of firms , Product differentiation , Selling costs are existed

Question Under perfect competition, firms are free to enter and exit in the market.

Correct Answer True

Your Answer True

Match The Following

Question Correct Answer Your Answer

Motor cars Tangible goods Tangible goods

Wants Insatiable Insatiable

Managerial Economics Prescriptive in nature Prescriptive in nature

Resources Alternative uses Alternative uses

Division of society's output of goods and services The theory of distribution The theory of distribution

Question Under perfect competition single seller can influence the price.

Correct Answer False
Your Answer False

LIST OF ATTEMPTED QUESTIONS AND ANSWERS KME3

True/False

Question The damage being done by the factories at and around Agra to Taj Mahal is an example of social cost for private benefit.

Correct Answer True
Your Answer True

Multiple Choice Single Answer

Question The Risk theory of profit was developed by

Correct Answer Hawley
Your Answer Hawley

Multiple Choice Multiple Answer

Question Index numbers may broadly be classified as

Correct Answer Price indices , Quantity indices , Special purpose indices
Your Answer Price indices , Quantity indices , Special purpose indices

Multiple Choice Single Answer

Question Expansion of supply is shown by the movement in the supply curve which is

Correct Answer upward
Your Answer upward

Multiple Choice Multiple Answer

Question Forms of Public Enterprises

Correct Answer departmental management , company management or management by boards , public corporations

Your Answer departmental management , company management or management by boards , public corporations

Select The Blank

Question The financing of _____ goods is done through public expenditure.

Correct Answer public
Your Answer public

Multiple Choice Single Answer

Question A Joint- Stock Company is owned by its share holders but it is managed by

Correct Answer Board of Directors
Your Answer Board of Directors

Multiple Choice Multiple Answer

Question The examples of negative externalities are

Correct Answer nuclear power plants , gargantuan trucks , unsafe factories
Your Answer nuclear power plants , gargantuan trucks , unsafe factories

Match The Following

Question Correct Answer Your Answer

Reduction in demand due to a new substitute in market Uncertainty Uncertainty

Accounting profit Explicit costs Explicit costs

Economic profit Pure profit Pure profit

Risk taking theory Hawley Hawley

Multiple Choice Single Answer

Question Peas & beans, groundnut oil & til oil, tea & coffee are examples of

Correct Answer substitutes goods

Your Answer complimentary goods

Select The Blank

Question Output rises in a lesser proportion to that of the increase in input, under the case of _____.

Correct Answer decreasing returns to scale

Your Answer decreasing returns to scale

True/False

Question A monopolist in a price maker.

Correct Answer True

Your Answer True

Select The Blank

Question The chemical effluents recklessly released by a chemical factory in the river causing water pollution, is an example of _____ cost.

Correct Answer social

Your Answer environmental

True/False

Question The financing of the pure public goods has to be through public expenditure and not through market pricing.

Correct Answer True

Your Answer True

Multiple Choice Single Answer

Question A firm is a unit of production, where production is done with the aim to maximize

Correct Answer profits

Your Answer profits

Select The Blank

Question By 'profits', the economist means total revenue minus _____.

Correct Answer All costs

Your Answer Explicit costs

Multiple Choice Multiple Answer

Question Cost-Benefit Analysis is

Correct Answer The analysis undertaken to judge the investment of any project , Refers to finding out the worth of investment , Enable ranking of optional investments

Your Answer The analysis undertaken to judge the investment of any project , Refers to finding out the worth of investment , Enable ranking of optional investments

True/False

Question Giffen goods are superior goods.

Correct Answer False

Your Answer False

Multiple Choice Multiple Answer

Question The railways use a lot of coal in firing the steam locomotives. This act causes

Correct Answer a lot of sufferings to the people near the railway. , cost to the society. , no cost to the railways.

Your Answer a lot of sufferings to the people near the railway. , cost to the society. , no cost to the railways.

Multiple Choice Single Answer

Question All the buyers and sellers operating under perfect competition have knowledge

Correct Answer perfect

Your Answer perfect

Multiple Choice Multiple Answer

Question Marginal cost pricing explains that the

Correct Answer Price charged should be equal to the marginal cost , Cost price sets the lower limits for firm's price , Cost price ensures the possible level of profitability

Your Answer Price charged should be equal to the marginal cost , Cost price sets the lower limits for firm's price , Cost price ensures the possible level of profitability

True/False

Question The question regarding the nature and quantities of commodities to be produced is solely restricted to capitalist economies.

Correct Answer False

Your Answer False

Match The Following

Question Correct Answer Your Answer

Implicit costs are the cost of resources owned by the firm. of resources owned by the firm.

Opportunity costs are also known as alternative costs alternative costs

The difference between average total cost & average fixed cost shows variable cost variable cost

The difference between average cost and average revenue is average profit average profit

True/False

Question During the period of depression, a large part of a country's resources lie involuntarily idle.

Correct Answer True

Your Answer True

Multiple Choice Single Answer

Question The demand curve (A.R.) of a firm under perfect competition is

Correct Answer perfectly elastic

Your Answer perfectly elastic

Select The Blank

Question The externality which causes an economic gain or an economic loss to other economic units is also referred to as _____ externality.

Correct Answer Pecuniary

Your Answer Pecuniary

Select The Blank

Question While discussing the product divisibility of public and private goods, the principle of

_____ may be applied in case of only those people who do not agree to pay or who cannot pay the market price

Correct Answer exclusion

Your Answer exclusion

Select The Blank

Question Under the decreasing returns to scale, the marginal output curve slopes _____.

Correct Answer downward

Your Answer downward

Multiple Choice Multiple Answer

Question Characteristics of Pure Public goods are:

Correct Answer They are completely indivisible , Their marginal cost would be zero or close to zero , Their benefits cannot be priced

Your Answer They are completely indivisible , Their marginal cost would be zero or close to zero , Their benefits cannot be priced

Multiple Choice Multiple Answer

Question Major types of costs are

Correct Answer Accounting costs , Economic costs , Opportunity costs

Your Answer Accounting costs , Economic costs , Opportunity costs

True/False

Question The short run Average Cost (A.C.) curve is U shaped.

Correct Answer True

Your Answer True

True/False

Question Cyclical fluctuations are recurrent in nature

Correct Answer True

Your Answer True

Multiple Choice Multiple Answer

Question Quantitative credit control measures are

Correct Answer open market operations , changes in bank rates , changes in statutory reserve ratio

Your Answer open market operations , changes in statutory reserve ratio

True/False

Question Private profit motive is an essential feature of Capitalism.

Correct Answer True

Your Answer True

Multiple Choice Single Answer

Question The number of buyers & sellers operating under perfect competition is

Correct Answer large

Your Answer large

Select The Blank

Question The sum of all individual demands constitutes_____

Correct Answer market demand

Your Answer market demand

Select The Blank

Question The costs which cover the cost of advertising is _____.

Correct Answer Selling cost

Your Answer Selling cost

Multiple Choice Single Answer

Question The relation between variable input and output

Correct Answer is direct

Your Answer is direct

Multiple Choice Single Answer

Question With decline in price of a commodity, total expenditure spent on the commodity is less than before, then elasticity of demand for the commodity is

Correct Answer < 1

Your Answer < 1

Multiple Choice Single Answer

Question The public sector is owned & controlled by

Correct Answer state enterprises

Your Answer state enterprises

True/False

Question In the market, any one who agrees to pay the requisite price of a product would be excluded from their consumption.

Correct Answer False

Your Answer False

Multiple Choice Single Answer

Question A downward movement from one point to another point on the same demand curve implies

Correct Answer expansion

Your Answer expansion

Multiple Choice Multiple Answer

Question Methods of forecasting demand for new products are

Correct Answer Product life cycle analysis , Test marketing , Evolutionary approach

Your Answer Product life cycle analysis , Test marketing , Evolutionary approach

True/False

Question The concept of economic profit differs from that of normal profit.

Correct Answer False

Your Answer True

Select The Blank

Question Reasonable profit target as an alternative to the objective of profit maximization was suggested by _____.

Correct Answer Joel Dean

Your Answer Joel Dean

Multiple Choice Single Answer

Question Inflation is characterized by demand which is in

Correct Answer excess of supply

Your Answer surplus

Select The Blank

Question Defence service is an example of _____ good.

Correct Answer indivisible

Your Answer public

LIST OF ATTEMPTED QUESTIONS AND ANSWERS

Multiple Choice Single Answer

Question	Managerial economics generally refers to the integration of economic theory with business
Correct Answer	Practice
Your Answer	Practice

Multiple Choice Single Answer

Question	Every nation's resources which are used to produce the quantities of goods and services that would be required to satisfy all its citizen's wants are
Correct Answer	insufficient
Your Answer	sufficient

Multiple Choice Single Answer

Question	All the buyers and sellers operating under perfect competition have knowledge
Correct Answer	perfect
Your Answer	perfect

True/False

Question	Inflation reduces the purchasing power of money and savings.
Correct Answer	True
Your Answer	False

Multiple Choice Single Answer

Question	The supply curve during market period is perfectly
Correct Answer	inelastic
Your Answer	inelastic

True/False

Question	Micro-economics is primarily concerned with the problem of what, how and for whom to produce
Correct Answer	True
Your Answer	True

Match The Following

Question	Correct Answer	Your Answer
Managerial economics	Decision making and forward planning	Decision making and forward planning
Resources	scarce	goods and services
Commodities	goods and services	scarce

Human wants	unlimited	unlimited
General Theory of Employment, Interest and Money	J. M. Keynes	J. M. Keynes

True/False

Question	The price policy under monopolistic competition is dependent on the prices charged by other rival firms
Correct Answer	True
Your Answer	False

Multiple Choice Single Answer

Question	All firms producing the same or similar product together make
Correct Answer	an industry
Your Answer	an industry

Multiple Choice Single Answer

Question	Joint Stock Company succession is
Correct Answer	perpetual
Your Answer	perpetual

True/False

Question	Private profit motive is an essential feature of Capitalism
Correct Answer	True
Your Answer	True

True/False

Question	'Free riders' is a term associated with the people who would like to have benefit of a good without sharing the cost of its supply
Correct Answer	True
Your Answer	False

Multiple Choice Single Answer

Question	Macro – economics provides an exploration to the functioning of an economy in
Correct Answer	general
Your Answer	general

True/False

Question	Inflation is a great opportunity for merchants to benefit more.
Correct Answer	True
Your Answer	True

True/False

Question	The various phases of business cycles are shown by the line of cycle which moves up and down the steady growth line
Correct Answer	True
Your Answer	True

True/False

Question	In the measurement of profit, the differences in the concept of profit arise out of the differences in cost concepts
Correct Answer	True
Your Answer	False

Multiple Choice Single Answer

Question	In economics demand means desire backed by adequate
Correct Answer	purchasing power
Your Answer	ability to pay

Multiple Choice Single Answer

Question	The law of diminishing returns is applicable to agriculture provided the state of technology is given and
Correct Answer	constant
Your Answer	constant

Multiple Choice Single Answer

Question	Under the monetary measures to control inflation, the R. B. I relies heavily on selective credit controls on bank loans against food grains, sugar, oils, oilseeds, cotton etc so as to discourage
Correct Answer	Speculative hoarding
Your Answer	Speculative hoarding

Multiple Choice Single Answer

Question	Slope of supply curve is
Correct Answer	positive
Your Answer	positive

Multiple Choice Single Answer

Question	Costs which increase because of the expansion of a firm are called costs
Correct Answer	incremental
Your Answer	incremental

True/False

Question	The opportunity cost of a product is the opportunity gained of being able to produce some other product.
----------	--

Correct Answer	False
Your Answer	False

True/False

Question	The supply curve in case of unitary elastic supply is rectangular hyperbola.
Correct Answer	False
Your Answer	False

Multiple Choice Multiple Answer

Question	An Industry
Correct Answer	Is a group of firms , All firms dealing in the same line of business , The ownership and management of each firm is different
Your Answer	Is a group of firms , All firms dealing in the same line of business , The ownership and management of each firm is different

Select The Blank

Question	Under monopoly, there is _____ seller who controls the entire _____ in the market
Correct Answer	only one
Your Answer	only one
Correct Answer	supply
Your Answer	supply

Select The Blank

Question	Under monopsony, there are _____ sellers but _____ buyer
Correct Answer	many
Your Answer	many
Correct Answer	only one
Your Answer	only one

Match The Following

Question	Correct Answer	Your Answer
Marginal utility	Addition to total utility	Addition to total utility
Total utility increases marginal	Positive and declining	Marginal utility is zero
At the saturation point for a commodity x the Mux is	Zero	Demand curve of a commodity
Marginal utilities are	Demand curve of a commodity	Positive and declining
Total utility is	Marginal utility is zero	Zero

Select The Blank

Question	By using cost-benefit analysis we can show the _____ necessary for attaining maximum _____ and optimal policy aiming at this goal
Correct Answer	measures
Your Answer	Gross Domestic Product
Correct Answer	net wealth
Your Answer	gross wealth

Multiple Choice Multiple Answer

Question	Average propensity to consume
Correct Answer	It is defined as the ratio of consumption expenditure to any particular level of income , It is found by dividing consumption expenditure by income , It is expressed as the percentage of income consumed
Your Answer	It is derived by dividing income by consumption expenditure

Multiple Choice Multiple Answer

Question	Inflation means
Correct Answer	It is a phenomenon of rising prices , It is a general and dynamic phenomenon , It includes an excess of demand
Your Answer	It is a phenomenon of rising prices

Select The Blank

Question	Aggregate supply function refers to a _____ of the various minimum amounts of proceeds or _____ , which must be expected to be received by the entrepreneur class from the sale of output result
Correct Answer	schedule
Your Answer	demand
Correct Answer	revenues
Your Answer	revenues

Select The Blank

Question	In the _____ terminology, the _____ demand function refers to the schedule of maximum sales proceeds, which the entrepreneurial community actually does expect to be received from the sale of
Correct Answer	Keynesian
Your Answer	Keynesian
Correct Answer	aggregate
Your Answer	aggregate

Multiple Choice Multiple Answer

Question	The fiscal policy includes
Correct Answer	Formation of taxation policy , It is an instrument for economic stabilization , Monitoring of public expenditure
Your Answer	Formation of taxation policy , It is an instrument for economic stabilization , Monitoring of public

expenditure

Multiple Choice Multiple Answer

Question	The meaning of monetary policy
Correct Answer	It is programme of the central bank , It controls the total supply of money , The basic objective is to achieve economic stability
Your Answer	It is programme of the central bank , It controls the total supply of money , The basic objective is to achieve economic stability

Multiple Choice Multiple Answer

Question	Causes for rise in prices in India
Correct Answer	Mounting government expenditure , Deficit financing and increase in money supply , Role of black money
Your Answer	Mounting government expenditure , Deficit financing and increase in money supply , Role of black money

Multiple Choice Multiple Answer

Question	Managerial economics deals with
Correct Answer	Integration of economic theory with business practice , Using logic of economics, mathematics & statistics. , The use of economic modes of thought to analyze business solution.
Your Answer	Integration of economic theory with business practice , Using logic of economics, mathematics & statistics.

Multiple Choice Multiple Answer

Question	The sources of economic problems are:
Correct Answer	Man has unlimited wants or ends , The means or resources to satisfy them are limited. , These resources are not specific but have alternative uses.
Your Answer	Man has unlimited wants or ends , The means or resources to satisfy them are limited. , These resources are not specific but have alternative uses.

Multiple Choice Multiple Answer

Question	Different types of business organizations are;
Correct Answer	Private sector. , Public sector. , Joint sector.
Your Answer	Joint sector.

Multiple Choice Multiple Answer

Question	Proprietary firm is
Correct Answer	Owned by a single person. , Easy to form. , An organization of single person.
Your Answer	Owned by a single person.

Multiple Choice Multiple Answer

Question	Methods of measurement of elasticity
Correct Answer	Percentage Method , Point elasticity Method , Total outlay expenditure method
Your Answer	Percentage Method , Point elasticity Method , Total outlay expenditure method

Multiple Choice Multiple Answer

Question	Demand forecasts are necessary for:
Correct Answer	Fulfillment of objective of the plans , Preparation of a budget , Expansion of firms
Your Answer	Preparation of a budget , Expansion of firms

Select The Blank

Question	Economic theory provides the basis for the _____ _ making process, there is some difference between the generalization based on abstraction and actual practices. Besides economic theory, mat
Correct Answer	decision making
Your Answer	optimal
Correct Answer	statistics
Your Answer	

Select The Blank

Question	The resources of a society consist not only of the free gifts of nature such as _____ but also of _____ and of all sorts of man made aids to further production.
Correct Answer	land and minerals
Your Answer	land and minerals
Correct Answer	human capacity
Your Answer	human capacity

Select The Blank

Question	Individual or sole _____ , which is also called sole- _____ , or single entrepreneurship is the most common, the simplest and the oldest form of business organisation.
Correct Answer	proprietorship
Your Answer	proprietorship
Correct Answer	trader ship
Your Answer	trader ship

Select The Blank

Question	Nominal cost is the _____ cost of production, it is also called expenses of production. The real cost is the _____ cost of production.
Correct Answer	money
Your Answer	opportunity
Correct Answer	opportunity
Your Answer	gross

Select The Blank

Question	Costs may be classified as : (a) _____ , including material costs, wage cost and interest cost (b) _____ , including costs of advertising and (c) other costs, including insurance ch
Correct Answer	Production costs

Your Answer	Production costs
Correct Answer	Selling costs
Your Answer	Selling costs

Select The Blank

Question	The costs of self owned resources, which are employed by the _____ , are non- expenditure or , _____
Correct Answer	firm
Your Answer	firm
Correct Answer	implicit costs .
Your Answer	implicit costs .

Multiple Choice Single Answer

Question	Study of the working and allocation of resources in the free market economies is the topic in the
Correct Answer	theory of price
Your Answer	theory of production

Multiple Choice Single Answer

Question	Managerial economics aims at providing help in the firms is
Correct Answer	decision making
Your Answer	decision making

True/False

Question	The federal government of U.S.A. does not face the basic economic problem.
Correct Answer	False
Your Answer	False

Multiple Choice Single Answer

Question	In equilibrium analysis of a firm, it is assumed that every individual proprietor exhibits rational economic
Correct Answer	behavior
Your Answer	behavior

Match The Following

Question	Correct Answer	Your Answer
Managerial Economics	Prescriptive in nature	The theory of distribution
Resources	Alternative uses	Alternative uses
Division of society's output of goods and services	The theory of distribution	Prescriptive in nature
Motor cars	Tangible goods	Tangible goods
Wants	Insatiable	Insatiable

True/False

Question	Market price fluctuates very often
Correct Answer	True
Your Answer	False

Multiple Choice Single Answer

Question	The firm is the unit that makes the decisions regarding employment of and the output of commodities are
Correct Answer	factors of production

Your Answer factors of production

Multiple Choice Single Answer

Question The principle of exclusion cannot be applied to the goods which are

Correct Answer indivisible

Your Answer invisible

Multiple Choice Single Answer

Question In the cost – benefit analysis, the firm step involved is that the investor has to choose a few project alternatives promising a rate of return which is

Correct Answer high

Your Answer high

Multiple Choice Single Answer

Question Market system of economy is characterized by consumer's

Correct Answer sovereignty

Your Answer demand

Multiple Choice Single Answer

Question In case of a joint stock company, the liability of share holders is

Correct Answer limited

Your Answer limited

True/False

Question The divisible goods, whose benefits can be priced, are called pure public goods

Correct Answer False

Your Answer True

True/False

Question In case of a proprietary firm the liability of the proprietor is limited

Correct Answer False

Your Answer False

True/False

Question During the phase of depression, the level of national income and expenditure rises rapidly

Correct Answer False

Your Answer False

Multiple Choice Single Answer

Question	According J.B.Clark, profit is the reward paid for
Correct Answer	dynamism
Your Answer	risk bearing

Multiple Choice Single Answer

Question	Gross profit is the excess of total revenue of a firm over total
Correct Answer	expenditure
Your Answer	expenditure

Multiple Choice Single Answer

Question	In general, the demand for necessities is relatively
Correct Answer	inelastic
Your Answer	elastic

True/False

Question	Demand for food grains is inelastic but the demand for wheat is elastic.
Correct Answer	True
Your Answer	False

Match The Following

Question	Correct Answer	Your Answer
Excess supply can be defined as	Quantity supplied minus quantity demanded	Quantity supplied minus quantity demanded
If demand remain unchanged on increase in supply will result in	A rise in equilibrium quantity	The supply is perfectly elastic
Market Price is a situation which	The supply is perfectly elastic	A rise in equilibrium quantity
The responsiveness of demand to change in price is measured	Elasticity of demand	In the same proportion
Unit income elasticity implies that as income rises demand for a commodity rises	In the same proportion	Elasticity of demand

Select The Blank

Question	Greater scope for the _____ sector may mean incremental _____, which connotes the expansion of public sector undertakings, can be left to some private companies
Correct Answer	private
Your Answer	investment
Correct Answer	disinvestments
Your Answer	growth

Multiple Choice Single Answer

Question	Goods produced on small scale of supply is
Correct Answer	inelastic
Your Answer	zero elastic

True/False

Question	The sum of total fixed costs and total variable costs is the total cost.
Correct Answer	True
Your Answer	True

True/False

Question	Contraction of supply is traced by the downward movement on the supply curve.
Correct Answer	True
Your Answer	True

True/False

Question	The laws of returns to scale explain the behavior of output in response to changes in scale.
Correct Answer	True
Your Answer	True

True/False

Question	In the stage I of the law of diminishing returns, the marginal product goes on increasing
Correct Answer	True
Your Answer	False

Multiple Choice Multiple Answer

Question	Features of monopolistic Competition
Correct Answer	Fairly Large number of firms , Product differentiation , Selling costs are existed
Your Answer	Fairly Large number of firms , Product differentiation , Selling costs are existed

Select The Blank

Question	Where _____ is charging a _____ in the home market and a lower price in the international market, it is called Dumping
Correct Answer	monopolist
Your Answer	a firm
Correct Answer	higher price
Your Answer	higher price

Select The Blank

Question	The number of sellers operating under this type of competition is _____ under oligopoly, but less than under _____
----------	--

Correct Answer	larger than
Your Answer	complementary
Correct Answer	perfect ompetition
Your Answer	perfect ompetition

Multiple Choice Multiple Answer

Question	Marginal Propensity to consume
Correct Answer	It is defined as the ratio of the change in consumption to the change in income , It is rate of change in the average propensity to consume as income changes , It is derived by the formula $mpc = \frac{\text{change in } C}{\text{change in } Y}$
Your Answer	It is defined as the ratio of the change in consumption to the change in income , It is derived by the formula $mpc = \frac{\text{change in } C}{\text{change in } Y}$, It is derived by dividing the change in income by change in the consumption expenditure

Multiple Choice Multiple Answer

Question	Investment
Correct Answer	It adds to capital equipments , It leads to increase in level of income , It includes new plant and equipment
Your Answer	It adds to capital equipments , It leads to increase in level of income , It includes new plant and equipment

Multiple Choice Multiple Answer

Question	Features of stage of expansion in business cycle are
Correct Answer	Rise in national output , Rise in consumer and capital expenditure , Bank advances grow rapidly
Your Answer	Rise in national output , Rise in consumer and capital expenditure , Bank advances grow rapidly

Multiple Choice Multiple Answer

Question	Characteristics of Depression
Correct Answer	Decrease in economic activities , The growth rate becomes negative , The level of national income declines rapidly
Your Answer	Decrease in economic activities , The growth rate becomes negative

Multiple Choice Multiple Answer

Question	Recession includes
Correct Answer	The demand is halted , Increase in production of goods , Inventories piling up in stocks
Your Answer	The demand is halted , Inventories piling up in stocks

Multiple Choice Multiple Answer

Question	The causes of inflation
Correct Answer	Increase in public expenditure , Increase in private expenditure , Increase in foreign demand
Your Answer	Increase in public expenditure , Increase in foreign demand , Increase in taxation

Select The Blank

Question	The rate of interest, according to _____ , depends upon two factors: (i) _____ and (ii) the quantity of money
Correct Answer	Keynes
Your Answer	Keynes
Correct Answer	the liquidity preference function
Your Answer	the liquidity preference function

Select The Blank

Question	In the words of _____ , “inflation occurs when the _____ of prices and cost is rising”.
Correct Answer	Prof. Samuelson
Your Answer	Prof. Samuelson
Correct Answer	general level
Your Answer	general level

Multiple Choice Multiple Answer

Question	Forms of Public Enterprises
Correct Answer	Public Corporations , Departmental management , Company Management or management by boards
Your Answer	Departmental management , Public Corporations

Multiple Choice Multiple Answer

Question	Specific organizational goals of Firms are:
Correct Answer	Maximisation of profit , Reasonable Profit Target , Sales revenue Maximization
Your Answer	Maximisation of profit , Reasonable Profit Target , Sales revenue Maximization

Multiple Choice Multiple Answer

Question	Individual Demand Schedule:
Correct Answer	Is in tabular form , It shows the prices of goods , It shows the quantities of a commodity purchased
Your Answer	Is in tabular form , It shows the prices of goods , It shows the quantities of a commodity purchased

Multiple Choice Multiple Answer

Question	The production function can be explained by:
Correct Answer	Law of variable proportions , Laws of returns to scale , Optimum combinations of inputs
Your Answer	Law of variable proportions , Laws of returns to scale , Optimum combinations of inputs

Multiple Choice Multiple Answer

Question	Implicit costs are:
Correct Answer	Cost on self owned resources , Costs of salary of the proprietor , Interest on the entrepreneur's own investment
Your Answer	Cost on self owned resources , Interest on the entrepreneur's own investment

Select The Blank

Question	Managerial _____s generally refers to the integration of economic theory with _____ practice.
Correct Answer	economic
Your Answer	economic
Correct Answer	business
Your Answer	business

Select The Blank

Question	In a competitive industry, there is a large number of firms so that the action of _____ firm has _____ on the price and output of the whole industry.
Correct Answer	a single
Your Answer	a single
Correct Answer	no effect
Your Answer	no effect

Select The Blank

Question	As per the International Labour Organisation (ILO), _____ is a _____ association of individuals with limited income on the basis of equal rights and responsibilities for achieving certa
Correct Answer	Co-operation
Your Answer	Co-operation
Correct Answer	voluntary
Your Answer	voluntary

Select The Blank

Question	The word _____ has different meanings to businessmen, _____, tax collectors, workers and economists and it is often used in a loose sense that buries its real significance
Correct Answer	Profit
Your Answer	Profit
Correct Answer	accountants
Your Answer	accountants

Select The Blank

Question	The demand curve is _____ representation of a demand schedule, demand curve slopes _____ ward from left to right.
Correct Answer	graphical
Your Answer	graphical
Correct Answer	down
Your Answer	down

Select The Blank

Question	The _____ that is _____ is the opportunity cost of the commodity produced.
Correct Answer	sacrificed
Your Answer	commodity
Correct Answer	commodity
Your Answer	sacrificed

LIST OF ATTEMPTED QUESTIONS AND ANSWERS

Multiple Choice Single Answer

Question	Every nation's resources which are used to produce the quantities of goods and services that would be required to satisfy all its citizen's wants are
Correct Answer	insufficient
Your Answer	insufficient

Match The Following

Question	Correct Answer	Your Answer
Managerial economics	Decision making and forward planning	Decision making and forward planning
Resources	scarce	scarce
Commodities	goods and services	goods and services
Human wants	unlimited	unlimited
General Theory of Employment, Interest and Money	J. M. Keynes	J. M. Keynes

Multiple Choice Single Answer

Question	The feasibility, which includes the prospects of employment generation, development of backward areas, social groups comprises of
Correct Answer	Economic feasibility
Your Answer	Economic feasibility

Multiple Choice Single Answer

Question	As far as its use is concerned, tuning in of a radio can be categorized as:
Correct Answer	Divisible
Your Answer	Divisible

True/False

Question	In a market system of economy, there is no harmony between individual interests and interests of the community.
Correct Answer	False
Your Answer	False

True/False

Question	Institution of private property is not an essential feature of Capitalism.
Correct Answer	False
Your Answer	False

Multiple Choice Multiple Answer

Question	In case of defense services, all the sections of the society are equally protected and benefited. The defense services in other words is
Correct Answer	indivisible in character , cannot be priced in the market , a public good
Your Answer	indivisible in character , cannot be priced in the market

Select The Blank

Question	On the _____ level, the summation of maximum individual welfare does not automatically lead to maximum social welfare.
Correct Answer	macro
Your Answer	micro

Select The Blank

Question	While discussing the product divisibility of public and private goods, the principle of _____ may be applied in case of only those people who do not agree to pay or who cannot pay the market price
Correct Answer	exclusion
Your Answer	exceptions

Select The Blank

Question	The goods become _____ only when each individual has an access to the entire amount of it and its use by the individual does not reduce its availability to others.
Correct Answer	indivisible
Your Answer	public

Select The Blank

Question	In the context of formulation of an investment project, _____ feasibility means the availability of land, plant, machinery, raw materials and technical know how etc.
Correct Answer	technical
Your Answer	technical

Select The Blank

Question	In a market economy _____ is the best judge of personal interest.
Correct Answer	individual
Your Answer	individual

True/False

Question	Inflation reduces the purchasing power of people's income and savings.
Correct Answer	True
Your Answer	True

True/False

Question	In a free-enterprise economy, the problems of what how and for whom are solved by a planning committee
Correct Answer	False
Your Answer	False

Multiple Choice Single Answer

Question	A technical unit of given capacity of output is
Correct Answer	plant
Your Answer	plant

Multiple Choice Multiple Answer

Question	Preference Shares can be classified as
Correct Answer	Simple Shares , Cumulative Shares , Redeemable Shares
Your Answer	Simple Shares , Redeemable Shares

Multiple Choice Multiple Answer

Question	The sole proprietorship type of organization is found in
Correct Answer	Agriculture, , Retail trade, , Hotel,
Your Answer	Agriculture, , Retail trade, , Hotel,

Multiple Choice Multiple Answer

Question	Co-operative organizations is
----------	-------------------------------

Correct Answer	voluntary organization , managed by democratic principle , organization, which performs its business within the members
Your Answer	voluntary organization , managed by democratic principle , non profit motive organization

Select The Blank

Question	A private limited company can be formed with 2 to 50 members maximum, excluding _____
Correct Answer	employee shareholders
Your Answer	Directors

Multiple Choice Single Answer

Question	The method of inventory valuation in which , the cost of production is calculated on the assumption that the material which was last to enter the inventory of the company was used first is
Correct Answer	LIFO
Your Answer	LIFO

True/False

Question	Profit should be large enough for a plough – back for business expansion.
Correct Answer	True
Your Answer	True

True/False

Question	Accounting profit takes in to account opportunity cost.
Correct Answer	False
Your Answer	True

Multiple Choice Multiple Answer

Question	Profit is regarded as
Correct Answer	income accruing to the equity holders , wages accrue to the labour , rent accrue to the owner
Your Answer	income accruing to the equity holders , rent accrue to the owner

Multiple Choice Single Answer

Question	Change in income of a person may result in demand for goods to
Correct Answer	change

Your Answer	change
-------------	--------

Multiple Choice Single Answer

Question	With decline in price of a commodity, total expenditure spent on the commodity is less than before, then elasticity of demand for the commodity is
Correct Answer	< 1
Your Answer	>1

Multiple Choice Single Answer

Question	Peas & beans, groundnut oil & til oil, tea & coffee are examples of
Correct Answer	substitutes goods
Your Answer	substitutes goods

True/False

Question	Demand for luxury goods is inelastic
Correct Answer	False
Your Answer	False

Match The Following

Question	Correct Answer	Your Answer
Increase in demand	Upward shift of the demand curve	Upward movement on the demand curve
Extension of demand	Downward movement on the demand curve	Vertical Demand curve
Decrease in Demand	Leftward shift of the demand curve	Downward movement on the demand curve
Contraction of Demand	Upward movement on the demand curve	Leftward shift of the demand curve

Select The Blank

Question	Increase in consumer's income leads in the demand for inferior goods to _____
Correct Answer	decrease
Your Answer	decrease

Multiple Choice Multiple Answer

Question	Reasons for change in Demand (Increase or Decrease in Demand)
----------	---

Correct Answer	Change income of consumer , Change in population , Change in fashion and customs
Your Answer	Change income of consumer , Change in population , Change in fashion and customs

Multiple Choice Single Answer

Question	AVC is the per unit variable cost of
Correct Answer	production
Your Answer	fixed variable

True/False

Question	The sum of total fixed costs and total variable costs is the total cost.
Correct Answer	True
Your Answer	True

Multiple Choice Multiple Answer

Question	The production function can be explained by
Correct Answer	Law of variable proportions , Laws of returns to scale , Optimum combinations of inputs
Your Answer	Law of variable proportions , Laws of returns to scale

Select The Blank

Question	Output rises in a lesser proportion to that of the increase in input, under the case of _____.
Correct Answer	decreasing returns to scale
Your Answer	decreasing returns to scale

Select The Blank

Question	The costs which cover the cost of advertising is _____.
Correct Answer	Selling cost
Your Answer	Incremental cost

Select The Blank

Question	The out of pocket costs are _____.
Correct Answer	Explicit costs
Your Answer	Explicit costs

Select The Blank

Question	By ' profits', the accountant means total revenue minus_____.
Correct Answer	Explicit costs
Your Answer	Fixed costs

Multiple Choice Single Answer

Question	The supply curve during market period is
Correct Answer	perfectly inelastic
Your Answer	perfectly inelastic

Multiple Choice Single Answer

Question	Under monopoly entry of new firms is
Correct Answer	prohibited
Your Answer	limited

True/False

Question	In case of the co-operative societies supplying cheap inputs or supplying consumer products at fair prices, a system of subsidized pricing is followed.
Correct Answer	True
Your Answer	True

True/False

Question	Market price fluctuates very often.
Correct Answer	True
Your Answer	True

Multiple Choice Multiple Answer

Question	Macro Economics is the study of
Correct Answer	The aggregate behavior of the economy , The behavior of economic agents , Problems such as the rates of inflation, the balance of payments, etc
Your Answer	The aggregate behavior of the economy , Problems such as the rates of inflation, the balance of payments, etc , Economic welfare

Multiple Choice Multiple Answer

Question	The subject matter of Micro economics includes the study of
Correct Answer	an individual consumer , particular market for a given commodity , operation of a firm
Your Answer	an individual consumer , particular market for a given commodity , major economic issues , problems & policies

Multiple Choice Multiple Answer

Question	16. The phase of recovery denotes
Correct Answer	More employment opportunities , Increase in profitability , Wage rate increase
Your Answer	More employment opportunities , Increase in profitability , Wage rate increase

Multiple Choice Multiple Answer

Question	Quantitative credit control measures are
Correct Answer	open market operations , changes in bank rates , changes in statutory reserve ratio
Your Answer	open market operations , moral suasion

Multiple Choice Single Answer

Question	The government has adopted a system of dual prices in the case of
Correct Answer	essential goods
Your Answer	essential goods

Multiple Choice Multiple Answer

Question	The disinvestments of industries is needed for
Correct Answer	Phased privatization , Reducing deficit , Capital support to plans
Your Answer	Phased privatization , Reducing deficit , Capital support to plans

LIST OF ATTEMPTED QUESTIONS AND ANSWERS

Multiple Choice Single Answer

Question	Every nation's resources which are used to produce the quantities of goods and services that would be required to satisfy all its citizen's wants are
Correct Answer	insufficient
Your Answer	insufficient

Match The Following

Question	Correct Answer	Your Answer
Managerial economics	Decision making and forward planning	Decision making and forward planning
Resources	scarce	scarce
Commodities	goods and services	goods and services
Human wants	unlimited	unlimited
General Theory of Employment, Interest and Money	J. M. Keynes	J. M. Keynes

Multiple Choice Single Answer

Question	The feasibility, which includes the prospects of employment generation, development of backward areas, social groups comprises of
Correct Answer	Economic feasibility
Your Answer	Economic feasibility

Multiple Choice Single Answer

Question	As far as its use is concerned, tuning in of a radio can be categorized as:
Correct Answer	Divisible
Your Answer	Divisible

True/False

Question	In a market system of economy, there is no harmony between individual interests and interests of the community.
Correct Answer	False
Your Answer	False

True/False

Question	Institution of private property is not an essential feature of Capitalism.
Correct Answer	False
Your Answer	False

Multiple Choice Multiple Answer

Question	In case of defense services, all the sections of the society are equally protected and benefited. The defense services in other words is
Correct Answer	indivisible in character , cannot be priced in the market , a public good
Your Answer	indivisible in character , cannot be priced in the market

Select The Blank

Question	On the _____ level, the summation of maximum individual welfare does not automatically lead to maximum social welfare.
Correct Answer	macro
Your Answer	micro

Select The Blank

Question	While discussing the product divisibility of public and private goods, the principle of _____ may be applied in case of only those people who do not agree to pay or who cannot pay the market price
Correct Answer	exclusion
Your Answer	exceptions

Select The Blank

Question	The goods become _____ only when each individual has an access to the entire amount of it and its use by the individual does not reduce its availability to others.
Correct Answer	indivisible
Your Answer	public

Select The Blank

Question	In the context of formulation of an investment project, _____ feasibility means the availability of land, plant, machinery, raw materials and technical know how etc.
Correct Answer	technical
Your Answer	technical

Select The Blank

Question	In a market economy _____ is the best judge of personal interest.
Correct Answer	individual
Your Answer	individual

True/False

Question	Inflation reduces the purchasing power of people's income and savings.
Correct Answer	True
Your Answer	True

True/False

Question	In a free-enterprise economy, the problems of what how and for whom are solved by a planning committee
Correct Answer	False
Your Answer	False

Multiple Choice Single Answer

Question	A technical unit of given capacity of output is
Correct Answer	plant
Your Answer	plant

Multiple Choice Multiple Answer

Question	Preference Shares can be classified as
Correct Answer	Simple Shares , Cumulative Shares , Redeemable Shares
Your Answer	Simple Shares , Redeemable Shares

Multiple Choice Multiple Answer

Question	The sole proprietorship type of organization is found in
Correct Answer	Agriculture, , Retail trade, , Hotel,
Your Answer	Agriculture, , Retail trade, , Hotel,

Multiple Choice Multiple Answer

Question	Co-operative organizations is
----------	-------------------------------

Correct Answer	voluntary organization , managed by democratic principle , organization, which performs its business within the members
Your Answer	voluntary organization , managed by democratic principle , non profit motive organization

Select The Blank

Question	A private limited company can be formed with 2 to 50 members maximum, excluding _____
Correct Answer	employee shareholders
Your Answer	Directors

Multiple Choice Single Answer

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Correct Answer	LIFO
Your Answer	LIFO

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Your Answer	True

True/False

Question	Accounting profit takes in to account opportunity cost.
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Your Answer	True

Multiple Choice Multiple Answer

Question	Profit is regarded as
Correct Answer	income accruing to the equity holders , wages accrue to the labour , rent accrue to the owner
Your Answer	income accruing to the equity holders , rent accrue to the owner

Multiple Choice Single Answer

Question	Change in income of a person may result in demand for goods to
Correct Answer	change

Your Answer	change
-------------	--------

Multiple Choice Single Answer

Question	With decline in price of a commodity, total expenditure spent on the commodity is less than before, then elasticity of demand for the commodity is
Correct Answer	< 1
Your Answer	>1

Multiple Choice Single Answer

Question	Peas & beans, groundnut oil & til oil, tea & coffee are examples of
Correct Answer	substitutes goods
Your Answer	substitutes goods

True/False

Question	Demand for luxury goods is inelastic
Correct Answer	False
Your Answer	False

Match The Following

Question	Correct Answer	Your Answer
Increase in demand	Upward shift of the demand curve	Upward movement on the demand curve
Extension of demand	Downward movement on the demand curve	Vertical Demand curve
Decrease in Demand	Leftward shift of the demand curve	Downward movement on the demand curve
Contraction of Demand	Upward movement on the demand curve	Leftward shift of the demand curve

Select The Blank

Question	Increase in consumer's income leads in the demand for inferior goods to _____
Correct Answer	decrease
Your Answer	decrease

Multiple Choice Multiple Answer

Question	Reasons for change in Demand (Increase or Decrease in Demand)
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Correct Answer	Change income of consumer , Change in population , Change in fashion and customs
Your Answer	Change income of consumer , Change in population , Change in fashion and customs

Multiple Choice Single Answer

Question	AVC is the per unit variable cost of
Correct Answer	production
Your Answer	fixed variable

True/False

Question	The sum of total fixed costs and total variable costs is the total cost.
Correct Answer	True
Your Answer	True

Multiple Choice Multiple Answer

Question	The production function can be explained by
Correct Answer	Law of variable proportions , Laws of returns to scale , Optimum combinations of inputs
Your Answer	Law of variable proportions , Laws of returns to scale

Select The Blank

Question	Output rises in a lesser proportion to that of the increase in input, under the case of _____.
Correct Answer	decreasing returns to scale
Your Answer	decreasing returns to scale

Select The Blank

Question	The costs which cover the cost of advertising is _____.
Correct Answer	Selling cost
Your Answer	Incremental cost

Select The Blank

Question	The out of pocket costs are _____.
Correct Answer	Explicit costs
Your Answer	Explicit costs

Select The Blank

Question	By ' profits', the accountant means total revenue minus_____.
Correct Answer	Explicit costs
Your Answer	Fixed costs

Multiple Choice Single Answer

Question	The supply curve during market period is
Correct Answer	perfectly inelastic
Your Answer	perfectly inelastic

Multiple Choice Single Answer

Question	Under monopoly entry of new firms is
Correct Answer	prohibited
Your Answer	limited

True/False

Question	In case of the co-operative societies supplying cheap inputs or supplying consumer products at fair prices, a system of subsidized pricing is followed.
Correct Answer	True
Your Answer	True

True/False

Question	Market price fluctuates very often.
Correct Answer	True
Your Answer	True

Multiple Choice Multiple Answer

Question	Macro Economics is the study of
Correct Answer	The aggregate behavior of the economy , The behavior of economic agents , Problems such as the rates of inflation, the balance of payments, etc
Your Answer	The aggregate behavior of the economy , Problems such as the rates of inflation, the balance of payments, etc , Economic welfare

Multiple Choice Multiple Answer

Question	The subject matter of Micro economics includes the study of
Correct Answer	an individual consumer , particular market for a given commodity , operation of a firm
Your Answer	an individual consumer , particular market for a given commodity , major economic issues , problems & policies

Multiple Choice Multiple Answer

Question	16. The phase of recovery denotes
Correct Answer	More employment opportunities , Increase in profitability , Wage rate increase
Your Answer	More employment opportunities , Increase in profitability , Wage rate increase

Multiple Choice Multiple Answer

Question	Quantitative credit control measures are
Correct Answer	open market operations , changes in bank rates , changes in statutory reserve ratio
Your Answer	open market operations , moral suasion

Multiple Choice Single Answer

Question	The government has adopted a system of dual prices in the case of
Correct Answer	essential goods
Your Answer	essential goods

Multiple Choice Multiple Answer

Question	The disinvestments of industries is needed for
Correct Answer	Phased privatization , Reducing deficit , Capital support to plans
Your Answer	Phased privatization , Reducing deficit , Capital support to plans

LIST OF ATTEMPTED QUESTIONS AND ANSWERS

Select The Blank

Question	Cost-benefit analysis refers to the analysis undertaken to judge any projects _____ whether government or private and find out its worth.
Correct Answer	investments
Your Answer	investments

True/False

Question	In the Long- run, supply of goods can be adjusted to the demand and therefore supply curve is horizontal to the X-axis.
Correct Answer	False
Your Answer	False

Multiple Choice Multiple Answer

Question	The market system of economy is based on the following foundations:
Correct Answer	Consumer's Sovereignty , Non-interference by the state. , Private Profit Motive
Your Answer	Consumer's Sovereignty , Private Profit Motive

Multiple Choice Single Answer

Question	The act of using goods and services to satisfy wants is called
Correct Answer	consumption
Your Answer	consumption

Select The Blank

Question	If the output rises in the greater proportion than that of the increase in factor inputs, it is referred to as _____.
Correct Answer	increasing returns to scale.
Your Answer	increasing returns to scale.

Select The Blank

Question	Increase in consumer's income leads in the demand for inferior goods to _____
Correct Answer	decrease
Your Answer	decrease

Select The Blank

Question	By using cost-benefit analysis we can show the measures necessary for attaining maximum _____ and optimal policy aiming at this goal.
Correct Answer	net wealth
Your Answer	gross domestic product

Match The Following

Question	Correct Answer	Your Answer
Resource allocation decisions in free market economy	Theory of price	Reduction in purchasing power
Economic problem	Universal	Involuntary unemployment
Managerial Economics	Applied branch of knowledge	Applied branch of knowledge
Inflation	Reduction in purchasing power	Theory of price
Waste of resources	Involuntary unemployment	Universal

True/False

Question	Poverty is the root cause of Economic problem.
Correct Answer	False
Your Answer	True

Multiple Choice Multiple Answer

Question	Characteristics of Pure Public goods are:
Correct Answer	They are completely indivisible , Their marginal cost would be zero or close to zero , Their benefits cannot be priced
Your Answer	They are completely indivisible , Their marginal cost would be zero or close to zero , Their benefits cannot be priced

Multiple Choice Single Answer

Question	The things that are produced by factors of production are called
Correct Answer	commodities
Your Answer	commodities

True/False

Question	In a market system of economy, there is no harmony between individual interests and interests of the community.
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Correct Answer	False
Your Answer	True

Multiple Choice Multiple Answer

Question	Marginal cost pricing explains that the
Correct Answer	Price charged should be equal to the marginal cost , Cost price sets the lower limits for firm's price , Cost price ensures the possible level of profitability
Your Answer	Price charged should be equal to the marginal cost , Cost price sets the lower limits for firm's price , Cost price ensures the possible level of profitability

Multiple Choice Multiple Answer

Question	The features of business or trade cycle are
Correct Answer	It is a wave like movement , These fluctuations are recurrent in nature , Expansion and contraction in trade cycle are cumulative in effect
Your Answer	It is a wave like movement , These fluctuations are recurrent in nature , Expansion and contraction in trade cycle are cumulative in effect

Multiple Choice Multiple Answer

Question	The advantage of cost-benefit analysis are
Correct Answer	Maximization of social welfare , Objective measurement of the trade-off , Maximization of difference between total benefits & total costs
Your Answer	Objective measurement of the trade-off , Maximization of difference between total benefits & total costs , Maximization of social welfare

Multiple Choice Single Answer

Question	In economics, the problem related to the selection of methods for producing different commodities is a subject matter of the
Correct Answer	Theory of production
Your Answer	Theory of production

True/False

Question	During the period of recession there is increase in incomes of wage and interest earners.
Correct Answer	False
Your Answer	True

True/False

Question	In case of a partnership firm of business organization a minor can become partner of the firm.
Correct Answer	False
Your Answer	False

Multiple Choice Single Answer

Question	The concept of just distribution of national product is a
Correct Answer	normative
Your Answer	normative

True/False

Question	Under perfect competition, price is determined by the interaction of total demand and total supply in the market.
Correct Answer	False
Your Answer	True

True/False

Question	To solve the unemployment problem , the level of effective demand must decrease.
Correct Answer	False
Your Answer	False

Select The Blank

Question	The necessary condition of profit maximization of a firm is that Marginal Revenue (M.R) must be equal to _____.
Correct Answer	Marginal cost (M.C)
Your Answer	Marginal cost (M.C)

Match The Following

Question	Correct Answer	Your Answer
Human wants	unlimited	unlimited
General Theory of Employment, Interest and Money	J. M. Keynes	J. M. Keynes
Managerial economics	Decision making and forward planning	Decision making and forward planning
Resources	scarce	scarce

Commodities	goods and services	goods and services
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True/False

Question	In market period supply is elastic.
Correct Answer	False
Your Answer	True

Select The Blank

Question	Reasonable profit target as an alternative to the objective of profit maximization was suggested by _____.
Correct Answer	Joel Dean
Your Answer	Joel Dean

Multiple Choice Multiple Answer

Question	At the level of the society, the macro economic objectives are
Correct Answer	economic stabilization , employment generation , poverty reduction
Your Answer	economic stabilization , employment generation , poverty reduction

Multiple Choice Single Answer

Question	Incorporation of government company is
Correct Answer	compulsory
Your Answer	compulsory

Multiple Choice Multiple Answer

Question	The features of a partnership firm are
Correct Answer	Joint Ownership , No Remuneration to the partners , Unlimited liability
Your Answer	Joint Ownership , Unlimited liability , Service Motive

Multiple Choice Single Answer

Question	Demand forecasting is predicting for the demand of a firm's product in
Correct Answer	future
Your Answer	future

Select The Blank

Question	The financing of _____ goods is done through public expenditure.
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Correct Answer	public
Your Answer	public

Select The Blank

Question	The externality which causes an economic gain or an economic loss to other economic units is also referred to as _____ externality.
Correct Answer	Pecuniary
Your Answer	Pecuniary

Multiple Choice Multiple Answer

Question	Exceptions to the Law of Demand are
Correct Answer	Giffen goods , Articles of snob appeal , Speculation
Your Answer	Giffen goods , Articles of snob appeal , Speculation

Select The Blank

Question	In a market economy _____ is the best judge of personal interest.
Correct Answer	individual
Your Answer	individual

Multiple Choice Single Answer

Question	According to the Government, the buildup of inflationary pressure during the Nineties was attributed to
Correct Answer	Higher Fiscal deficit
Your Answer	Higher Fiscal deficit

Multiple Choice Single Answer

Question	Price of a product under perfect competition is determined by the interaction of total supply and
Correct Answer	total demand
Your Answer	total demand

Multiple Choice Single Answer

Question	The slope of Supply curve of labour is always
Correct Answer	backward
Your Answer	backward

Select The Blank

Question	Supply is predominantly determined by _____.
Correct Answer	stock
Your Answer	demand

True/False

Question	Pure private goods are completely divisible and to them the principle of exclusion applies in full measure.
Correct Answer	True
Your Answer	True

Multiple Choice Single Answer

Question	In a market economy, a firm in the private sector basically aims at maximization of
Correct Answer	money profits
Your Answer	money profits

Multiple Choice Single Answer

Question	The income which a businessman might expect from the second best alternative use of his resources is called as
Correct Answer	opportunity cost
Your Answer	opportunity cost

Multiple Choice Multiple Answer

Question	Distinction between private sector and public sector is determined
Correct Answer	on the basis of economic system , on the basis of motive , on the basis of principle of pricing
Your Answer	on the basis of economic system , on the basis of motive , on the basis of principle of pricing , on the basis of infrastructure

Multiple Choice Single Answer

Question	The feasibility, which includes the prospects of employment generation, development of backward areas, social groups comprises of
Correct Answer	Economic feasibility
Your Answer	Economic feasibility

Multiple Choice Multiple Answer

Question	Features of market period are
Correct Answer	Related to few hours or few days , Related to perishable goods , The entire supply is to be disposed off on the same day

Your Answer	Related to few hours or few days , Related to perishable goods , The entire supply is to be disposed off on the same day
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Select The Blank

Question	The cost which enter the accounts book of the firm are referred as _____.
Correct Answer	Accounting cost
Your Answer	Accounting cost

Multiple Choice Single Answer

Question	Cournot' , the economists who defined the term 'market' different from that of the traditional sense is an
Correct Answer	French economists
Your Answer	French economists

Multiple Choice Single Answer

Question	The act of production involves
Correct Answer	transformation of inputs into outputs
Your Answer	transformation of inputs into outputs

True/False

Question	The government also fixes minimum procurement prices for major crops on the recommendation of the Agricultural Prices Commission (APC).
Correct Answer	True
Your Answer	True

LIST OF ATTEMPTED QUESTIONS AND ANSWERS**Multiple Choice Single Answer**

Question The market which deals with the all the goods as a whole are considered as

Correct Answer Commodity Market

Your Answer Commodity Market

Multiple Choice Multiple Answer

Question Marginal cost pricing explains that the

Correct Answer Price charged should be equal to the marginal cost , Cost price sets the lower limits for firm's price , Cost price ensures the possible level of profitability

Your Answer Price charged should be equal to the marginal cost , Cost price sets the lower limits for firm's price , It based on full cost pricing

Multiple Choice Multiple Answer

Question The factors of production are

Correct Answer Labour , Land , Capital

Your Answer Labour , Land , Capital

Select The Blank

Question Negative slope means curve slopes downwards from_____

Correct Answer left to left

Your Answer left to right

True/False

Question Pure inflation starts only after reaching the full employment level.

Correct Answer True

Your Answer False

Match The Following

Question	Correct Answer	Your Answer
A monopolist gets	abnormal profit.	abnormal profit.
In oligopoly market, price	tends to be rigid at the kink on the demand curve.	tends to be flexible at the kink on the demand curve.
Under monopolistic competition,	expenditure is incurred by the firms on cross transportation.	tends to be rigid at the kink on the demand curve.
The price policy of a public enterprise should be such as	to enable it to operate at the lowest cost possible and maximize efficiency.	normal profit

True/False

Question Measurement of profit becomes difficult because of the difficulty involved in the calculation of depreciation.

Correct Answer True

Your Answer False

Multiple Choice Multiple Answer

Question A competitive industry has three basic characteristics

Correct Answer Large Number of Firms , Homogeneous Product , Free entry and exit

Your Answer Homogeneous Product , Free entry and exit , Hetrogeneous Prices

Multiple Choice Multiple Answer

Question Exceptions to the Law of Demand are

Correct Answer Giffen goods , Articles of snob appeal , Speculation

Your Answer Giffen goods , Articles of snob appeal

Multiple Choice Single Answer

Question When a firm's A.R. (average revenue) is greater than A.C. (average cost), it gets a profit which is

Correct Answer super normal

Your Answer positive

Select The Blank

Question The sum of all individual demands constitutes_____

Correct Answer market demand

Your Answer individual demand

Select The Blank

Question Baumol has suggested as an alternative objective for profit maximization , the maximization of _____

Correct Answer sales

Your Answer sales

Select The Blank

Question "Homeostatic Approach" as an alternative objective of firms was suggested by _____.

Correct Answer Prof. Kenneth Boulding

Your Answer Joel Dean

Multiple Choice Multiple Answer

Question	Diseconomies of small scale production includes
Correct Answer	High average cost of production in initial stages , Workers in the factory take some time to adjust with new techniques of production , Wastage of raw material & power
Your Answer	High average cost of production in initial stages , Workers in the factory take some time to adjust with new techniques of production , Wastage of raw material & power , Small firms' production may involve imports of raw materials

Match The Following

Question	Correct Answer	Your Answer
J. M. Keynes	Underemployment equilibrium	Underemployment equilibrium
P.D.S.	Two different prices	Least Government Interference
Free enterprise system	Least Government Interference	Full employment equilibrium
Market Mechanism	Inequalities of income & wealth	Single price

Multiple Choice Multiple Answer

Question	Features of Oligopoly Market are
Correct Answer	Few sellers , Restriction to entry of new firms , Price leadership
Your Answer	Few sellers , Price leadership , No Advertisement cost

True/False

Question	The wage and salary earners who get fixed income in terms of money are benefited during inflation.
Correct Answer	False
Your Answer	True

True/False

Question	The federal government of U.S.A. does not face the basic economic problem.
Correct Answer	False
Your Answer	True

Multiple Choice Multiple Answer

Question	The firm may be defined as
Correct Answer	an independently administered business unit , centre where the decisions about what to produce how to produce are taken , a business unit, which hires resources for production
Your Answer	an independently administered business unit , centre where the decisions about what to produce how to produce are taken , a business unit, which hires resources for production , a group of different industries

Multiple Choice Single Answer

Question The profits which must be deducted from the gross profits to arrive at net profits are

Correct Answer Monopoly Profits

Your Answer Accounting Profit

Select The Blank

Question Modern economists treat social cost and benefits as _____ of private investment and production decisions.

Correct Answer externalities

Your Answer internalities

Multiple Choice Single Answer

Question The method of calculating depreciation in which the actual working hours of a capital asset are taken in to account is

Correct Answer service unit

Your Answer annuity

Select The Blank

Question The good becomes _____ so far as its use is concerned only when it is priced in the market and the principle of exclusion is applied to it.

Correct Answer divisible

Your Answer profitable

Multiple Choice Multiple Answer

Question Main aims of the New Industrial Policy (1991) are

Correct Answer To unshackle the indian industrial economy from the cobwebs of unnecessary bureaucratic control , To introduce liberalization with a view to integrate the indian economy with the world economy , To remove restrictions on direct foreign investment as also to free the domestic entrepreneur from the restriction of MRTP act

Your Answer To introduce liberalization with a view to integrate the indian economy with the world economy , To remove restrictions on direct foreign investment as also to free the domestic entrepreneur from the restriction of MRTP act , To encourage the investment in public enterprises

Select The Blank

Question A normal demand curve has _____+B299

Correct Answer negative slope

Your Answer positive slope

Multiple Choice Single Answer

Question All the buyers and sellers operating under perfect competition have knowledge which is

Correct Answer perfect

Your Answer perfect

Multiple Choice Single Answer

Question Joint Stock Company is an incorporated association with a

Correct Answer perpetual succession

Your Answer long term succession

Select The Blank

Question The minimum number of directors which public limited should have is _____.

Correct Answer 3

Your Answer 2

Multiple Choice Single Answer

Question The firm is a center, where all the decisions are taken about

Correct Answer production

Your Answer allocation

Multiple Choice Single Answer

Question The city of Banaras has specialized in the manufacture of

Correct Answer silk

Your Answer silk

True/False

Question Saving is a private virtue

Correct Answer True

Your Answer True

Multiple Choice Single Answer

Question In case of a pure public good, its marginal cost is

Correct Answer zero

Your Answer low

Multiple Choice Multiple Answer

Question The meaning of monetary policy is

Correct Answer It is programmed of the central bank , It controls the total supply of money ,
The basic objective is to achieve economic stability

Your Answer It is programmed of the central bank , It controls the total supply of money ,
The basic objective is to achieve economic stability

Select The Blank

Question A fall in price tends the demand for goods to _____

Correct Answer expand

Your Answer increase

True/False

Question Macro economic studies are based on empirical evidence.

Correct Answer True

Your Answer True

Multiple Choice Multiple Answer

Question Implicit costs are

Correct Answer Cost on self owned resources , Costs of salary of the proprietor , Interest on the entrepreneur's own investment

Your Answer Cost on self owned resources , Costs of salary of the proprietor , Cost of raw materials

Select The Blank

Question Demand for a commodity depends on the relative price of its _____

Correct Answer substitute goods

Your Answer substitute goods

Multiple Choice Single Answer

Question According to the Government, the buildup of inflationary pressure during the Nineties was attributed to

Correct Answer Higher Fiscal deficit

Your Answer Higher Trade deficit

True/False

Question Free riders' is a term associated with the people who would like to have benefit of a good without sharing the cost of its supply.

Correct Answer True

Your Answer True

Multiple Choice Multiple Answer

Question Factors influencing selling costs are

Correct Answer Type of product , Introduction of new goods , Technology changes

Your Answer Introduction of new goods , Technology changes , Advertising by customers

True/False

Question In a market system of economy, there is no harmony between individual interests and interests of the community.

Correct Answer False

Your Answer True

Select The Blank

Question The chemical effluents recklessly released by a chemical factory in the river causing water pollution, is an example of _____ cost.

Correct Answer social

Your Answer environmental

Multiple Choice Single Answer

Question If the substitutes are relatively cheaper then the demand for the commodity in question will be

Correct Answer less

Your Answer less

Multiple Choice Single Answer

Question In cost benefit analysis, in the valuation of costs and benefits, for finding the present value, one has to make use of

Correct Answer discount rate

Your Answer net present value

True/False

Question A monopolist can decide both price and the quantity of a product that he is going produce and sell in the market.

Correct Answer True

Your Answer True

Multiple Choice Multiple Answer

Question Conditions of Price Discrimination are:

Correct Answer The two markets in which the product is sold should be kept separate , The elasticity of demand in different markets should be different , Market must be imperfect

Your Answer The two markets in which the product is sold should be kept separate , Market must be perfect

True/False

Question When a change in income has no effect upon the quantity demanded of a product, the income elasticity of demand is zero

Correct Answer True

Your Answer True

