UNIT I

1. Who gave this definition “Economics is the Science of Wealth”?

   a) J. K. Mehta b) Marshall c) **Adam Smith** d) Robbins

2. The subject of economics is a

   a) A natural science **b) A social science** c) A political Science d) A physicalScience

3. Economics is neutral between ends is said by

   a)Adam smith **b) lionel robbins** c) Alfred Marshall d) samuelson.

4. “Economics is a science” the basis of this statement is

   a) Relation between cause and effect b) use of deductive and inductive method for formations of laws c) Experiments **d) All of the above**

5. Characteristics of economic laws are

   a)Mere statements of economic tendency b) Less certain

   c) Hypothetical **d) all of the above**

6. Which branch of economics studies about unemployment, illiteracy, National income tax?

   a)Micro economics b) Wealth economics **c) Macro economics** d) fiscal economics

7. Which theory is included under Micro economics

   a) Price theory b) process theory c) product theory d) projection theory

8. The business economic theory is concerned with the management technique to achieve.

   a) Maximization of total revenue from sales b) minimization of cost of production

   c) Maximize profit from the business unit**.** **d) All the above**

9. Which is not included in the welfare goal to the society by the firm?

   a) Building of roads b) charitable hospitals **c) living wages** d) maintaining parks

10. Which is not the assumption of production possibility curve?

    a)amount of resources are given **b) prices of factors fluctuates**

    c) Resources are not specific d) Technology remains constant.

11. “An Enquiry into the Nature and Causes of Wealth of Nations” is the book of economist—

    a) Adam Smith **b**) Marshall c) Robbins d) None of above

12. In a free-market economy the allocation of resources is determined by

    a) Votes taken by consumers b) A central planning authority

    c) By consumer preferences d) The level of profits of firms

13. ________________defined economics as a study of mankind in the ordinary business of life

a) Adam smith b) Lionel Robbins c) Samuelson **d) Alfred Marshall**

14. The growth of an economy is indicated by an

 a) Increase in savings b) Increase in investment

 c) Increase in general prices **d) Increase in national income**

15. The father of New Economics is

 a) Marshall b) **J.M.Keynes** c) Adam Smith d) Karl Marx

16. ___________________focuses on the behavior of the individual actors on the economic stage, that is, firms and individuals and their interaction in markets.

 a) Macroeconomics **b) Microeconomics** c) Managerial Economics d) political Economics

17. Business Economics is also known as_______________

 a) Managerial Economics b) Economics for Executives

 c) Economic analysis for business decisions **d) All the above**

18. Economics includes the following economic activities

 a) Production b) Consumption c) Exchange **d) All of the above**

19. Economics deals primarily with the concept of

 a) Poverty **b) Scarcity** c) Change d) Power.

20. Which of the following is an example of internal diseconomies?

 a) High salary of firm b) High tax for industry

 c) Low tax for industry d) **Labour – management disputes in firm**

UNIT II

21. What type of relationship exists between the price and quantity demanded?

 a)indirect b)Inverse c) Positive **d)Both a&b**

22. -------------represents the tabular form of quantity demanded of a particular product during a given period of time.

 a) Law of demand b)Demand Curve **c)Demand schedule** d) Cross demand

23. Extension and contraction of demand for a good occurs as a result of

 a) Change in the quality of good **b) Change in the price of a good**

 c) Availability of cheaper substitutes d) Increases in Income

24. An exceptional demand curve is one that moves

a) Upward to the right b) downward to the right c) horizontally d) upward to the left

25. In the case of a Giffen good, a fall in its price tends to

a) Demand remain constant b) demand increases

c) Reduce the demand d) Abnormal change in demand.

26. What would be the value of elasticity of demand, if the demand for the good is perfectly inelastic?

a)0 b)1 c) infinity d) less than Zero

27. The demand for necessities is usually

a)highly elastic **b) highly inelastic** c) unit elasticity d) relatively inelastic.

28. The responsiveness of demand to the change in income is known as

a) Price elasticity of demand b) cross elasticity of demand

c) Income elasticity of demand d) none of these

29. Which one of the following is not a method of measuring elasticity of demand?

a)arc method b)percentage method c) point method **d) none of the above**

30. Which of the following statements regarding cross elasticity holds good?

a) It is always negative **b) it can be either positive or negative**

c) it is always positive d) it always lies between 0 and 1

31. Demand is determined by

a) Price of the product b) Relative prices of other goods

c) Tastes and habits **d) All of the above**

32. Normally a demand curve will have the shape

a) Horizontal b) Vertical **c) Downward sloping** d) Upward sloping

33. This is an assumption of law of demand

a)Price of the commodity should not change b) Quantity should not change

c) Supply should not change d) **Income of consumer should not change**

34. If quantity demanded is completely unresponsive to changes in price, demand is

a) Inelastic b) Unit elastic c) Elastic **d) Perfectly inelastic**

35. When demand is perfectly inelastic, an increase in price will result in

a) A decrease in total revenue **b) An increase in total revenue**

c) No change in total revenue d) A decrease in quantity demanded

36. When cross elasticity of demand is a large positive number, one can conclude that

a) The good is normal b) The good is inferior

c) The good is a substitute d) The good is a complement

37. Price and demand are positively correlated in case of

a) Necessities b) Comforts **c) Giffen goods** d) Luxuries

38. The elasticity of demand of durable goods is

a) More elastic b) Less elastic c) Zero elastic d) Infinite elastic

39. What does price elasticity of demand measure?

a) Change in price caused by changes in demand b) The value of sales of a given price

c) The responsiveness of demand to price changes d) The rate of change of sales Income elasticity of demand for normal good is always

a) 1 b) More than one **c) Negative** d) Positive

UNIT III

41. The quantity of output which producers are willing and able to offer to the market at various prices it is __________

a) Demand b) **Supply** **c)** Income d) Price

42. The responsiveness of the quantity supplied of a good to a change in its price it is _________

a) Elasticity of supply b) Elasticity of demand c) Inelasticity of supply d) Inelasticity of demand

43. If the cost of production increases because of higher price of raw materials, the supply

a) Decreases b)Increases c) Remains same d)Any of the above

44. Goods produced on small scale have

a)Relatively inelastic supply

b)Highly elastic supply

c)Perfectly elastic supply

d)None of the above

45. Supply of a product basically depends on ____________

a) The availability of other goods in the market.

b) **Cost of production and the management decision.**

c) Consumers desires.

d) Consumers requirements

46. The assumptions on which the law of supply is based are_______________

a) The prices of other commodities, incomes of the people etc.,

b) Tastes and preferences of the people.

c) **Number of firms, availability of inputs, cost of production, techniques of production etc.,**

d) Availability of substitutes, development of new products

47. The supply curve _____________

a. Is a vertical straight line.

b. Is negatively sloping.

c. **Has a positive slope.**

d. Is a horizontal straight line

48. The relationship between the price of a commodity and the supply of commodity is

a. Negative

b. Positive

c. Zero

d. Increase

49. When marginal utility reaches zero, the total utility will be __________

a) Minimum b). **Maximum** c) Zero d) Negative

50. Indifference curve was first introduced by

a. Hicks b. Allen c. Keynes **d. Edgeworth**

51. Indifference curve approach is based on ___________

a) **Ordinal approach** b). Cardinal approach

c). Subjective approach d). Psychological approach

52. The indifference curve are ___________

a. vertical b. horizontal c. positive sloped d**. Negatively sloped**

53. A consumer is in equilibrium when marginal utilities from two goods are

a. Minimum b. Maximum **c. Equal** d. Increasing

54. The locus of the points which gives same level of satisfaction is associated with

a. **Indifference Curves** b. Cardinal Analysis c. Law of Demand d. Law of Supply

55. One percent change in the price of a commodity causes more than one per cent change in the quantity supplied of the commodity is ___________

56. a) **Relatively elastic supply** b) Unitary elastic c) Relatively Inelastic d) perfectly elastic 56. A consumer is in equilibrium when marginal utilities from two goods are

a. Minimum **b.** Maximum **c. Equal** **d.** Increasing

57. Which among the following is true about indifference curve?

a).Indifference must have negative slope

b) Indifference curve are convex to the origin

c) Indifference Curve cannot intersect

d) All of the above

58. The consumer reaches equilibrium at the point where the budget line is ________ on the indifference curve.

a) Tangent b) Horizontal c) Vertical d) Parallel

59. The line joining various combinations of the two goods which the consumer can buy at given prices and income is known as __________

a) **Price line** b) Cost Line c)Demand line d) Supply line

60. Choose the correct match

	GROUP A		GROUP B
1	Es > 1	A	Unitary Elastic supply
2	Es = 1	B	Relatively elastic supply
3	Es < 1	C	Perfectly Inelastic supply
4	Es = 0	D	Perfectly elastic supply
5	Es = α	E	Relatively Inelastic supply

	1	2	3	4	5
(i)	**B**	**A**	**E**	**C**	**D**
(ii)	A	B	C	D	E
(iii)	D	E	A	B	C
(iv)	C	D	B	A	E

UNIT IV

61. ___________refers to expenses incurred on production

a) Cost b) revenue c) price d) demand

62. _____________ refers to out of pocket expenses or money cost or accounting costs. They are the payments made to others.

a) Explicit cost b) Implicit cost c) Fixed cost d) marginal cost

63. The cost that varies with the level of output.

a) Variable cost b) Fixed cost c) Average cost d) Marginal cost

64. Identify the formula of estimating average variable cost.

a). TC/Q b) **TVC/Q** c) TFC/Q d) TAC/Q

65. When price remains constant, AR will be ________ MR.

a). **equal to** b) greater than c) less than d) not related to

66. The cost recorded in the books of accounts are considered as

a) Total cost b)Marginal cost c)Average cost d)**Explicit cost**

67. The out of pocket costs are ________.

a) Sunk costs b)**Marginal costs** **c)**Explicit costs d)Social costs

68. An Iso-quant curve is also known as

a). Inelastic Supply Curve b). Inelastic Demand Curve

c). Equi-marginal Utility **d). Equal Product Curve**

69. When a firm's average revenue is equal to its average cost, it gets ________.

a) Super profit b) **Normal profit** c) Sub normal profit d)None of the above

70. The long-run production function is explained by

a). Law of Demand b). Law of Supply

c). Returns to Scale d). Law of Variable Proportions

71. The short-run production is studied through______

a). The Laws of Returns to Scale **b). The Law of Variable Proportions**

c). Iso-quants d). Law of Demand

72. Production function explains ___________

a). The relationship between Qty of inputs employed and the corresponding total production cost.

b). The relationship between market price charged and quantity supplied.

c). **The relationship between qty of inputs used and the corresponding output obtained.**

d). The relationship between the firms total revenue and total production cost

73. Variables inputs are those factors_____________

a). The Qty of which remains neutral with variations in the level of output

b). The Qty of which remains constant with variation in the level of output

c). The Qty of which does not vary with the level of output

d). The Qty of which varies with variations in the level of output

74. MR is the additional revenue earned by selling an additional unit of a commodity which means

a). Revenue realized from selling one more unit of a product

b). Revenue realized by raising the price

c). Revenue over and above the total cost

d). Revenue realized from selling more products

75. TR is the highest when ______________

a). MR is increasing. b). **MR is zero**. c). MR is negative. d). MR is positive

76. What is MR?

a). TR/AC. b). **TRn-TRn-1.** c). TR/TQ. d). TR/TC

77. The functional relationship between “inputs” and “outputs” is called as

a). Consumption Function

b). **Production Function**

c). Savings Function

d). Investment Function

78. A stage of decreasing returns imply

a). AP is positive b). **AP is negative** c). MP is decreasing d) MP is negative

79. Name the returns to scale when the output increases by more than 5%, for 5% increase in the inputs,

a). Increasing returns to scale

b). decreasing returns to scale

c). Constant returns to scale

d). All of the above

80. ____________ is the amount of income received by the firm from the sale of its products.

a) Total revenue b) Total cost c) Selling price d) Income

UNIT V

81. Under perfect competition, price is determined by the interaction of total demand and **_________.**

a)**Total supply** b)Total cost c)Total utility d)Total production

82. The kinked demand curve explains _________

a)**Price rigidity** b)Price flexibility c)Demand rigidity d)Demand flexibility

83. Imperfect competition was introduced by _________

a)Marshall **b)Chamberlin** c) Keynes d) Jensen

84. A situation in which the number of competing firms is relatively small is known as

a) Monopoly b) perfect competition c)**oligopoly** d) Monopsony

85. A situation where there is only one buyer is called _____________

a).**Monopoly** b).Oligopoly c).Monopsony d).Perfect competition

86. A market in which only two firms exist is________

a) Oligopoly **b)Duopoly** c)Duopsony d)Oligopsony

87. The upper portion of the kinked demand curve is relatively ________

a)More inelastic **b)More elastic** c)Less elastic d)Inelastic

88. Oligopoly is a type of _________ market. A _________ exists in the industry

a)Perfect, few firms

b)**Imperfect, few firms**

c)Perfect, many firms

d)Imperfect, many firms

89. Equilibrium condition of a firm is......

a). MC = MR b). MC > M c). MC < MR d). MR = Price

90. Price discrimination will always lead to.............

a). Increase in output

b). Increase in profit

c). Different prices

d). **b and c**

91. In which market form, does absence of competition prevail?

a). Perfect competition

b). Monopoly

c). Duopoly

d). Oligopoly

92. Under perfect competition, the shape of demand curve of a firm is...............

a). Vertical b)**. Horizontal** c). Negatively sloped d). Positively sloped

93. The average revenue curve under monopolistic competition will be......

a). Perfectly inelastic b). Perfectly elastic c). **Relatively elastic** d). Unitary elastic

94. In monopoly, MR curve lies below.............

a). TR b). MC c). **AR** d). AC

95. In monopolistic competition, the essential feature is .....

a). Same product b) **selling cost** c). Single seller d). Single buyer

96. Another name of price is................

a). **Average Revenue** b). Marginal Revenue c). Total Revenue d). Average Cost

97. Profit of a firm is obtained when................

a). TR < TC b). TR – MC **c). TR > TC** d). TR = TC.

98. Under imperfect competition both MR and AR are downward sloping and MR curve lies below the AR curve which means

a). A firm can sell more at the same price

b). The sales have no relation with the price.,

c). **The firm can sell more only by lowering the price.**

d). The firm can sell more at a higher price

99. An individual producer cannot influence the market price under

a). Oligopoly.

b). Duopoly.

c) **Pure competition.**

d). Monopolistic competition

100. In the long run the firms can earn only normal profit under

a). Monopolistic competition.

b). **Perfect competition.**

c). Oligopsony.

d). Monopsony

UNIT I

1. **What is mean by Business Economics?**

   It is the application of economic theory and methodology to business.

2. **Write the meaning of decision making?**

   The process of selecting one out of two or more alternative courses of action.

3. **Define Business Economics?**

   Is to show how economic analysis can be used in formulating business policies.

4. **State the scope of business economics.**

   Demand Analysis, Forecasting, Cost and Production Analysis.

5. **What is mean by Micro Economics?**

   Micro Economics is the study of economics at an individual, group or company level.

6. **Show the Objectives of business Economics.**

   Decision Making, Forecasting, Forward Planning.

7. **Write down the meaning for Macro Economics.**

   Macro Economics focuses on issues that affect individuals and companies.

8. **What are the importances of business economics?**

   To know how societies, governments, businesses, households, and individuals.

9. **State the meaning of forecasting.**

   Business forecasting refers to the analysis of the past and present economic conditions.

10. **What do you mean by forward planning?**

    Forward planning means establishing plans for the future to carry out the decision so taken.

UNIT II

11. **What is mean by demand?**

    Demand means the consumers desire and ability to purchase a goods and services.

12. **Write the meaning of Law of Demand?**

    If the price of a commodity rises its quantity demand will decline.

13. **State the types of Demand?**

    Price Demand, Income Demand and Cross Demand.

14. **Show the features of Law of Demand.**

    Price quantity relationship, Law is qualitative, Demand depended and Price independent.

15. Define Elasticity of Demand.

A market is great according as the amount demanded increases much.

16. Show the Classification of Price Elasticity of Demand.

Perfectly elastic, Perfectly inelastic, Unitary elastic, Relatively elastic, Relatively inelastic.

17. State the any two distinctions of demand.

Derived demand and autonomous demand, Industry demand and company demand.

18. How to measure the Elasticity Equilibrium?

Ratio Method, Total Outlay Method, the Point Method.

19. What is mean by Consumers Equilibrium?

When he maximises his utility, given his income and the market prices.

20. Write down the factors determining price elasticity.

Nature of a commodity, availability of substitutes, Number of uses.

UNIT III

21. Who gave final shape to Indifference curve ?

In 1939 J.R.Hicks

22. What is Indifference curve ?

It means all those combinations of any two goods which give equal satisfaction to the consumer.

23. What is indifference schedule?

It is a schedule of various combinations of two commodities which will give the same level of satisfaction.

24. Tell the meaning of Indifference map.

It is a family or collection or set of indifference curves corresponding to different levels of satisfaction.

25. Write the formula for marginal rate of substitution?

MRSxy = MUx/MUy

26. 26. **What is budget line ?**

It is the line joining various combinations of the two goods which the consumer can buy at given prices and income.

27. State the Law of Supply

If the price of a commodity increases, its quantity supplied increases and vice versa

28. Define elasticity of supply.

Elasticity of supply = proportionate change in supply / proportionate change in price

29. What is consumer equilibrium?

Obtain most satisfaction possible from their income and price

30. Name two the factors which determine supply

Price of commodity, price of other commodities

UNIT IV

31. Tell the meaning of cost

Cost refers to the expenses incurred to produce or acquire a given quantum of a good.

32. What do you mean by Revenue ?

Revenue is income obtained from the sale of goods and services.

33. How is AR, MR & TR.

When AR and MR both are falling, then MR falls at a faster rate than AR.

34. What is Production function .

It is the relationship between inputs of productive services per unit of time and outputs of product per unit of time."

35. Recall the meaning of Total Product (TP)?

It refers to the total amount of commodity produced by the combination of all inputs in a given period of time.

36. Mathematically write the meaning of Average product ?

AP = TP/N

37. What is Marginal Product (MP)?

It is the addition or the increment made to the total product when one more unit of the variable input is employed.

38. State the Law of returns to scale?

It explains the relationship between output and the scale of inputs in the long-run when all the inputs are increased in the same proportion.

39. What is Iso quant curve.

It shows all possible combinations of inputs physically capable of producing a given level of output"

40. What is the other name of Iso – cost line ?

Iso-price line or iso-income line or iso-expenditure line or total outlay curve.

UNIT V

41. How is supply in short period market ?

The supply curve is a little more elastic.

42. Define Perfect competition

According to Joan Robinson, "Perfect competition prevails when the demand for the output of each producer is perfectly elastic".

43. What is Imperfect Competition?

It is a market situation in which there are many sellers selling heterogeneous (dissimilar) goods

44. Find the meaning of Monopoly.

Monopoly is a market situation in which there is only one seller of a commodity.

45. Tell the meaning of Monopolistic market situation

A market situation in which there are many firms selling a differentiated product.

46. **What is Duopoly**?

Duopoly is a situation in which there are only two sellers.

47. How is Oligopoly market situation?

There are a few firms selling homogeneous or differentiated products.

48. When does firm attains equilibrium in monopolistic competition?

1. MC = MR, and 2. MC curve cuts its MR curve from below

49. What is price rigidity?

Price rigidity implies that prices are difficult to be changed.

50. How is AR curve in Perfect competition?

AR is Parallel to X axis (Perfectly elastic)

UNIT I

1. Briefly explain the macro economics
2. What are the objectives of business economics?
3. Show the concepts applied in business economics.
4. Examine the characteristics of business economics.
5. Sketch the significance of business economics.

UNIT II

6. What are the types of demand?
7. Briefly explain the assumptions of individual demand.
8. Interpret the exceptions to law of demand.
9. Sketch the types of elasticity of demand.
10. What are the types of price elasticity of demand?

UNIT III

11. Examine the law of supply
12. Interpret the factors which determine the elasticity of supply
13. Show the contraction and extension of supply.
14. Assess Indifference Schedule and Indifference Map with diagram
15. Sketch the concept of Marginal rate of substitution.

UNIT IV

16. Find the relationship between AC and MC.
17. Construct the short run cost curves and long run cost curve with suitable diagram.
18. Examine the production function.
19. Illustrate the revenue curve of the firm under perfect and Imperfect
20. Interpret Marginal rate of technical substitution.

UNIT V

21. Examine the features of perfect competition
22. Show the degrees of price discrimination under monopoly.
23. Sketch the features of Monopolistic competition
24. Assess the concept of Duopoly type of market structure with example.
25. Examine the features of oligopoly

UNIT I

1. Describe the micro economics.
2. Analyse the scope of business economics.
3. Explain the concepts applied in business economics.
4. Enumerate the roles and responsibility of business economics.
5. Discuss about the macro economics.

UNIT II

6. Analyse the distinctions of law of demand.
7. Explain the consumer equilibrium.
8. Determine the types of price elasticity of demand.
9. Identify the measurement of elasticity of demand.
10. Discuss the types of income elasticity of demand.

UNIT III

11. Examine different types of Elasticity of supply
12. Examine the properties of indifference curves?
13. Outline the assumptions of Indifference Curve.
14. Identify the determinants of supply.
15. Determine budget line / price line and consumer equilibrium?

UNIT IV

16. Determine following curve with suitable diagram : (i)TC (ii) FC (iii)VC
17. Analyze the following i) AVC (ii) ATC iii) AFC (iv) MC
18. Explain the Law of Variable Proportions with the help of a diagram.
19. Outline the properties of Iso-Quants with the help of diagrams.
20. Summarise & Illustrate the Laws of Returns to Scale

UNIT V

21. Analyze the price and output determined under the perfect competition?
22. Determine price and output determined under monopolistic competition with help of diagram.
23. Illustrate price and output determination under Monopoly.
24. Outline the Pricing under oligopoly
25. Explain the Characteristics of Monopoly.