DEPARTMENT OF BUSINESS ADMINISTRATION(BBA)

18UBM 2A2-BUSINESS ECONOMICS-K1 Questions

Multiple Choice Questions

UNIT-I

1. Economics is neutral between ends is said by
   a) Adam smith b) **lionel robbins** c) Alfred Marshall d) samuelson. (B)
2. which branch of economics studies about unemployment, illiteracy, National income tax?
   a) Micro economics b) Wealth economics **c) Macro economics** d) fiscal economics (C)
3. when we go form particular to general, this method is called as
   a) **Inductive method** b) General method c) Deductive method d) Partial method (A)
4. The subject of economics is
   a) A natural science **b) A social science** c) A political Science d) A physical Science.(B)
5. Micro economics is also known as
   a) **price theory** b) process theory c) product theory d) projection theory.(A)
6. 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** (D)
7. 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 (C)
8. 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. (B)

9. A decision is not profitable if
    a) it increases revenue more than costs. B) it decreases some cost more than it increases others. C) **it increases costs more than revenue** d) it increases some revenues more than it decreases others.(C)
10. Organizational efficiency does not include
    a) administrative efficiency b) entrepreneurial efficiency c) managerial efficiency **d) technical efficiency** (D)
11. What type of relationship exists between the price and quantity demanded?
    a) indirect b)Inverse c) Positive **d)Both a&b** (D)
12. -------------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 (C)
13. 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 (B)
14. 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. (A)
15. 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. (C)
16. 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 (A)
17. The demand for necessities is usually
    a) highly elastic **b) highly inelastic** c) unit elasticity d) relatively inelastic. (B)
18. 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 (C)

19. Which one of the following is not a method of measuring elasticity of demand?
    a) are method b)percentage method c) point method **d) none of these** (D)
20. 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 (B)

UNIT-II

21. Demand forecasting can be categorized on the basis of
    a) the level of forecasting b) time period c)nature of goods **d) All the above** (D)
22. Which is not a statistical method in forecasting?
    a)Trend analysis **b) consumer survey** c)Regression method d)least square method (B)
23. In economic decision every variable influences every other variable in underlying assumption of :
    a) Delphi techniques b)Multi collinearity **c)Simultaneous equation method** d) correlation.(C)
24. A time series can be calculated through
    a) leading series b)coincident series c)logging series **d) all the above**.(D)
25. A simultaneous equation model may consists of all the following except
    a)Endogenous variables **b) Undefined equation** c) Exogenous variables d)Structural equations. (B)
26. The law which studies the direct relationship between price and quantity supplied of a commodity is
    a) Law of demand b) Law of variable proportion c**) Law of supply** d) None of the above (C)
27. When price rises, quantity supplied
    a)expands b)falls c) increases d) unchanged. (A)
28. In case of perfectly inelastic supply the supply curve will be
    a) rising **b) vertical** c) horizontal d) falling. (B)

29. When a percentage in price results in equal change in quantity supplied, it is called,

a) elastic supply b) perfectly inelastic c) elasticity of supply **d) unitary elastic supply. (D)**

30. when supply of a commodity decreases on a fall in its price, its is called

a) Expansion of supply b) Increase in supply **c) Contraction of supply** d) Decrease in supply. (C)

31.which utility approach suggests that utility can be measured and quantified?

b) ordinal **b) Cardinal** c) both a &b d) diminishing marginal utility. (B)

32---------------------- of a commodity is the additional utility derived by a consumer, by consuming one more unit of that commodity.

a)Marginal utility b) Total utility c)Average utility d) maximum utility (A)

33.At what point does total utility starts diminishing?

c) when marginal utility is positive b) when it remains constant c) when marginal utility is increasing **d) when marginal utility is negative.(D)**

34.Consumer's surplus is also known as

d) indifference surplus b) elasticity of supply **c) buyer's surplus** d) indifference surplus. (C)

35.Which of the following is called Gossen's first law?

e) Law of substitution b) Law of equal- marginal utility **c) Law of diminishing marginal** d) None of the above (C)

36. Which utility measuring approach, is utility ranked in order of preference, but not measured?

(a) Cardinal. **(b) Ordinal**.(c) Both a & b (d) Variable approach. Ans. b

37. Which shows various combinations of two products that give same amount of satisfaction?

(a) Iso-cost curve. (b). Marginal utility curve. (c) Iso-quant. **(d)Indifference curve**. Ans.d.

38. Indifference curve slopes,

(a) Downward to the right. (b) upward to the right. (c). Downward to the left.(d) Upward to the left. Ans. a.

39. the process of capital formation includes,

(a) capital of savings. (b) Mobilization of savings. (c) Investment of savings. **(d) all of the above**. Ans. d

135. internal economies is related to

(a) Marketing economies. (b) Financial economies. (c). Labour economies. **(d) All of the above.** Ans. d

40. When the output produced is maximum for the given level of input the firms achieve

(a) Maximum profit. **(b) Technical efficiency**. (c) Economic efficiency. (d) None of these.

Ans. b.

UNIT-III

41. Which of the following cost curve is U shaped?

(a) Average cost curve. (b) Marginal cost curve. (c) Average fixed cost curve. **(d). Average variable cost curve.**

42. the point where TR curve cuts TC curve is called

(a) equilibrium point (b) split off point. (c) point of inflexion. **(d) Break even point.**

Ans. d

43. the shape of TFC curve is

(a) Horizontal line. (b) Downward sloping. (c) U shaped (d) Upward sloping. Ans.a

44. Indicate which of the following is a variable cost?

(a) Cost of raw materials. (b) Cost of machine. (c)_ Interest on capital. (d) rent payment for buildings .Ans. a

45. few sellers is the feature of

(a) monopoly. **(b) oligopoly**. (c) perfect competition. (d) monopolistic competition. Ans b

46. Market which have two firms are known as

(a) Oligopoly (b) monopoly. **(c) Duopoly**. (d). perfect competition. Ans c

47. which item is not included in public utilities?

(a) Water supply. **(b) Accessories**. (c) Gas supply. (d) Electricity. Ans b

48. supply curve of a perfectly competitive firm is

(a)Vertical. **(b) Upward sloping**. (c) horizontal. (d) Downward sloping.Ans b

49. In perfect competition a fiem increases profit when _____ exceeds ________

(a) TC, TR. (b) MC, MR. **(c) AR, AC**. (d). TR, TFC. Ans c

50. the discriminating monopoly can be categorized as

(a) Personal (b) place (c) use **(d) all of the above**. Ans d

51. which is not a phase of business cycle?

(a) Depression. **(b) Accumulation**. (c) Recession. (d) recovery. Ans b

52. which is not an instrument of fiscal policy in controlling business cycle?

(a) Taxation. **(b) investment**. (c) borrowing. (d) spending. Ans b

53. the fluctuations or movement in economic activity are commonly classified as

(a) secular trends. (b) cyclical fluctuations. (c) random fluctuations **(d) all of the above**. Ans d.

54. which is the most preferred methods of measuring inflation?

(a) WPI. (b) CPI. (c) NID. (d) all of the above. Ans a

55. Who gains in inflation?

(a) Savers. (b) Creditors. (c) Pensioners. **(d) debtors.** Ans. D

56. Economics deals with what is and normative economics deals with ---------------------

a) Positive, what ought to be b) negative, what ought to be c)both a&b d) None of these (A)

57. --------------------- deals with the behavior of individual decision makings units such as consumers, resource owners and so on.

a) Macro economics **b)Micro economics** c)mini economics d)None of these (B)

58. There are two methods of constructing an economics theory, they are ------- and ------ methods.

a) Inductive b)Deductive **c) Both A&B** d) None of these (C)

59. Ina --------------------- economy, public and private sectors exist by side.

a) Macro b) Micro **c)Mixed** d) all the above (C)

60. Capitalism is the system that advocates -------------- to solve the basic economic problems.

a) Price Mechnanism b) Profit Mechanism c)Loss Mechnaism d)None of these (A)

UNIT-IV

61. Business economics is a science which deals with the application of ---------------- in business practices.

a) Economic theory b)commerce theory c)macro theory d) None of these (A)

62. ------------------- means the process of choosing one action from two or more alternatives available.

a) choice **b)Decision Making** c) option making d) All the above (B)

63. A Firm's profitability depends much on its ---------------- of production.

a)Price b) Charge **c)Cost** d) All the above (C)

64. Generally, ---------------- are the primary measure of the success of any business.

a) loss b)Profit **c)Profit and Loss** d) break even point (C)

65. The guiding principle of business economics is not -----------------but avoiding loss.

a) Profit maximization b)Loss maximization c)Profit minimization d) Loss minimization (A)

66. The law of demand states that there is an ------------ relationship between price and quantity demanded.

a)converse **b)Inverse** c)discuss d)none of these (B)

67. A ----------------- along the demand curve is caused by a change in the price of the good only.

a) Movement b)Progress c) growth d) all the above (A)

68. Assuming that bread and jam are complements. If the price of jam increase, the equilibrium quantity for bread will-------------

a)Increase b)neutral **c)Decrease** d)constant (C)

69. --------------- goods are those which can replace each other in use.

(a) fact b)No replace c)substitute d)none of these (C)

70. There is a direct relationship between ------------ of the consumer and his demand.

a)expenses b)losses c)gains **d) income** (D)

71. Elasticity of demand tells the -------- of change in demand to the change in price.

a)Rate/quantum b)charge c)low rate d)high rate (A)

72. ----------- elasticity of demand measures changes in the quality demanded of good x due to change in the price of good y.

a)straight b)right c)left **d)cross** (D)

73. Low price of a good generally keeps its price elasticity of demand as -------------

a)high b)medium c)normal **d)low** (D)

74. in the case of inferior goods, the income elasticity of demand is -----------------

a)positive **b)negative** c)positive, negative d)negative, positive (B)

75. when as a result of increase in price of goods, total expenditure made on goods falls, price elasticity of demand is ------- than unity.

a)Greater b) lesser c)nominal d)none of these (A)

76. ---------------- is the scientific and analytical estimation of demand for a product for a particular period of time.

(a) Demand forecasting (b)forecasting c)claim d)none of these (A)

77. --------------- refers to the opinion of the buyers, sales force to have the knowledge of emerging trend in market demand.

a)questionnaire method b)interview method **c) Survey/opinion method** d)all the above (C)

78. collective opinion method is also known as the --------------

a)sales force opinion b)purchase force opinion method c)sales return opinion d)purchase return opinion (A)

79. The past data is arranged chronologically with regular intervals of time. This type of data is called----------------------

a) cost series b)price series **c)time series** d)gap series (c)

80. ---------------------- establishes the relationship between quantity demanded and one or more independent variables.

a)Co-relation method b)independent method c)quantity method **d) Regression method.**

model buildings. (D)

UNIT-V

81. The law of supply states that firms will ----------- of the commodity when prices are high and vice versa.

a)purchase more **b) sell more** c)purchase less d)sell less (B)

82. Market ----------- occurs where demand and supply are equal.

(a) Equilibrium b)utility c)elastic d)none of these (A)

83. Commodities which are perishable in nature have ---------------- supply.

a)elastic b)expand **c)inelastic** d)all the above (C)

84. When a supply of a commodity decreases on a fall in its price, it is called ----------

a) demand **b) Contraction of supply** c)consumer surplus d)none of these (B)

85. -------------- of a commodity is the total quantity that is available in a market at a certain time.

a)Stock b)opening stock c)closing stock d)all the above (A)

86. --------------- is the measure of satisfaction a consumer derives out of consumption of a commodity.

a)utility b)indifference c)margin of safety d)all the above (A)

87. when total utility is maximum, marginal utility is zero, it is called ----------- point.

a) saturation b)diffusion c)utility d)none of these (A)

88. -------------- is equal to the difference between the price a consumer is willing to pay and the price actually he pays for a commodity.

a) surplus b)customer surplus **c)consumer surplus** d)none of these (C)

89. Cardinal utility approach is based on the -------- school of thought.

a)Marshallian b)Albert c)economic d)none of these (A)

90. The assumption of ----------------- implies that an individual consumer's preferences are always consistent.

a)transitivity b)saturation c)utility d)none of these (A)

91. The IC analysis explains the demand for inferior goods and solves

a)Veblen effect **b)Giffen paradox** c)speculative effect d) all the above (B)

92.The book “Value and capital”was written by

a)JR Hicks b)RGD Allen c)Alfred Marshall d)Thorstein veblen (A)

93. Which of the following is considered production in economics?

a)Driving for pleasure **b)Teaching for a fee** c)Boating for recreation d)Donating blood (B)

94. In which stage of production would a rational producer like to operate

a)I stage-MP is maximum **b)II State –BothMP&AP are decreasing but positive** c)III Stage –MP is negative d)either stage II or III (B)

95. In the short-run, when the output of a firm increases, its average fixed cost will

a)increase b)decrease c)remains constant d)none of the above (B)

96. Perfect competition has the following features except

a)Homogenous products b)perfect knowledge **c)selling and transport cost occurs** d)free entry and exit (C)

97. Markets are being classified on the basis of

a)demand and supply b)Time c)situation **d)all of the above** (D)

98. There is a single seller of a commodity which has no close substitutes can be termed as

a)Pure monopoly b)duopoly c)monopoly d)pure oligopoly (A)

99. A firm that produces substitute goods can adopt the following pricing strategy

a)Transfer pricing b)full costing **c)going rate pricing** d) Customary pricing (C)

100. When demand is slack and market is highly competitive the following method of pricing may be adopted

a)full cost pricing **b)marginal cost pricing** c)peak load pricing d)penetration pricing (B)

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BUSINESS ECONOMICS K2 LEVEL QUESTIONS

UNIT-I

1. Law Of Diminishing Marginal Utility ?
2. Law Of Equi Marginal Utility ?
3. Differentiate between Macro & Micro Economies ?
4. Concept Of Consumer Surplus ?
5. Differentiate State & Explain Law Of Supply ?
6. Explain Law Of Demand & It's Exceptions ? (or) Why Demand Curve Slopes From Left To Right ?
7. Types Of Demand ?
8. What Is Elasticity of Demand ? What are The Types of Elasticity Of Demand?
9. Short Run Cost Curve ?
10. Relationship between Average Revenue & Marginal Revenue ?

UNIT-II

11. Law of returns to Scale ?
12. Diminishing returns to Scale ? or Variable Proportional To Scale ?
13. Scale Of Production ?
14. What is Perfect Competition ?How Its Price & Output Determine Under Perfect Competition ?
15. Define Monopoly ? Its Price and Output Determination ?
16. What Is Oligopoly ? Explain Kinked Demand Curve ?
17. What is Monopolistic Competition ? How price & Output Determine under Monopolistic Competition ?
18. Difference Between Perfect Competition and Monopoly ?
19. What is National Income ? Explain Concepts of L.P.G ?
20. What is Balance Of Trade ? and Balance Of Payments ?

UNIT-III

21. What are the corrections of Dis-Equilibrium In Balance Of Payments ?
22. Comparative Cost ?
23. What is Trade Cycles ? Explain Its Fluctuation ?
24. Explain The Origin and Functions Of W.T.O ?

25. What is Micro Economics ?
26. What is Macro Economics?
27. What is Deductive Method
28. Define Capital Goods
29. What is Intermediary goods?
30. What is Marginal Utility?

UNIT-IV

31. What is Indifference curve
32. Marginal Rate of Substitution
33. What is Individual Demand Schedule
34. Market demand schedule Expalin
35. What is Demand Function
36. What is meant by Giffen's Paradox (or) Giffens Goods?
37. What is meant by Veblen Goods (or) Prestigious Goods?
38. Explain .Income Demand
39. What is Cross demand
40. Explain Substitute goods

UNIT-V

41. define Complementary goods
42. What is meant by Cross Elasticity of Demand.
43. Division of Labour
44. What is meant by Production Function?
45. Difference Marginal Product and Average Product
46. . What is Market?

48. What is meant Perfect competition?
49. Define Monopoly
50.What is meant by Monopolistic Competition

DEPARTMENT OF BUSINESS ADMINISTRATION

18UBM2A2-BUSINESS ECONOMICS

SECTION-B

UNIT-I

1. Define Managerial economics? What are its basic characteristics?
2. What are the responsibilities of managerial economist?
3. What is decision making? What are its elements or steps?
4. Discuss the nature of the firm.
5. List out the major objectives of the firm.
6. How does managerial economics relate with other disciplines for propounding its theories?
7. Identify the areas of decision making where managerial economics prescribes specific solutions to business problems.
8. Discuss the role and responsibilities of a managerial economist.
9. Distinguish between economics and managerial economics
10. Define law of demand? What are its basic assumptions?

UNIT-II

11. Why demand curve slopes downward?
12. What are the exceptions to the law of demand?
13. Explain the extension and contraction of demand?
14. Explain the shift in demand?
15. Explain the peculiarities of factors of production?
16. Explain the law of variable proportion?
17. Distinguish between isoquants and iso costs?

18. Explain the input –output relationship?
19. Discuss the term optimum combination of inputs?
20. Distinguish between marginal cost and incremental cost ?

UNIT-III

21. Distinguish between long run cost and short run cost ?
22. State the relationship between TC, AC and MC ?
23. Distinguish between marginal revenue and incremental revenue ?
24. Explain short Run Cost Curve ?
25. Relationship between Average Revenue & Marginal Revenue ?
26. Law of returns to Scale?
27. Diminishing returns to Scale? or Variable Proportional To Scale ?
28. Scale Of Production?
29. What is Perfect Competition ?How Its Price & Output Determine Under Perfect Competition ?

UNIT-IV

30. Define Monopoly ? Its Price and Output Determination ?
31. What Is Oligopoly ? Explain Kinked Demand Curve ?
32. What is Monopolistic Competition? How price & Output Determine under Monopolistic Competition ?
33. Difference Between Perfect Competition and Monopoly?
34. Define monopolistic competition.
35. What is the difference between monopoly and monopolistic competition?
36. How does the monopolistic competitor incur loss in the business? Explain with a suitable graph.

37. What do you mean by oligopoly market? What are its characteristic features? Give a suitable example for the same.
38. Distinguish between oligopoly and duopoly market.
39. Describe the kinked demand curve with a graph.
40. Write down the social objectives of a business.

UNIT-V

41. Discuss social responsibility of the business.
42. Show the various social responsibilities of business taken by the organization.
43. Write the scope of business economics.
44. Why demand curve slope downwards?
45. Define demand? Explain the different types of demand.
46. Write about demand distinctions
47. Write down the characteristics of modern business.
48. Explain individual demand and market demand schedule
49. What are different types of demand?
50. write down the price and output determination under perfect competition

DEPARTMENT OF BUSINESS ADMINISTRATION

18UBM2A2-BUSINESS ECONOMICS

SECTION-C

UNIT-I

1. Define demand .discuss various determinants of demand?
2. Explain and illustrate shift in demand, extension and contraction of demand and make a comparative study?
3. Briefly explain the concept of Law of diminishing returns? Discuss its assumption and importance?
4. List out the major factors of production (input factors used) in a cement factory.
5. Define production function and Cobb-Douglas production function.

UNIT-II

6. Write short notes on Marginal Product and Average product.
7. Briefly discuss the concept Returns to scale, increasing and decreasing returns to scale.
8. Explain the Law of variable proportions.
9. What is Iso-quant?
10. What do you mean by an expansion path?

UNIT-III

11. Discuss the managerial uses of production function
12. Explain the various economies and diseconomies of scale?
13. What is price discrimination? What are its objectives?
14. Discuss briefly the major types of price discriminations with suitable examples.
15. Explain the major degrees of price discrimination.

UNIT-IV

16. What are the managerial uses of understanding the market structure?

17. What is Break- even point?

18. Explain the important managerial uses of break even analysis.

19. What are the objectives of business firm?

20. Economics is a science of wealth .Explain

UNIT-V

21. Analysis the determinants of demand

22. Write a short note about inflation, deflation and GDP.

23. Explain the measurement of elasticity of demand

24. What are the different types of elasticity of demand?

25. Write down the expectations to the law of demand and perverse demand curve.

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