M.COM PART I (SEM-I)/PAPER CODE- 71802/ECONOMICS FOR BUSINESS DECISIONS

QUESTION BANK

1. _______ studies the problems related to measurement of national income.
   a) Microeconomics b) International economics
   c) Macroeconomics d) National economics
2. The central problem of economics and business is _______ of resources.
   a) plenty b) scarcity c) variety d) requirement
3. The most notable incentive in economics is _______ .
   a) profit b) price c) revenue d) loss
4. An accountant's concept of profit is the ______ profit.
   a) business b) economic c) maximum d) revenue
5. _____ principle is integral to short-run decisions about profit maximisation.
   a) equi-marginal b) marginal c) efficiency d) deficiency
6. If the production is not efficient the economy will be _____ the PPC.
   a) inside b) outside c) on d) off
7. Human wants refer to all the goods and services individuals ______.
   a) need b) desire c) have d) ability
8. Imperfect information posses the problem of ______ information.
   a) asymmetric b) inefficient c) lack of d) efficient
9. The goods having the features of non - rival in consumption and non - excludability are called ______ goods.
   a) public b) private c) merit d) external
10. A fall in the price of a commodity
    a) increases the consumer's nominal income b) increases the consumer's real income
    c) decreases the consumer's real income d) decrease the consumer's nominal income
11. The snob effect makes the market demand curve to be ______
    a) less elastic b) more elastic c) flatter d) no change
12. The bandwagon effect makes the market demand curve to be more
    a) elastic b) inelastic c) steeper d)flatter
13. Which of the following is not the assumption of the law of demand ?
    a) Consumer's income does not change
    b) No change in consumer's taste and preferences
    c) No change in the price of inputs
    d) No change in advertisement
14. The veblen effect give rise to______ market demand curve.
    a) flatter b) less elastic c) no change d) more elastic
15. Change in ____ brings about a movement along the supply curve.
    a) Price b) Input prices c) Exports d) Product
16. When the elasticity of supply is less than one the supply curve is ______.
    a) Steeper b) Flatter c) Vertical d) Horizontal
17. When the supply is perfectly elastic the supply curve is ______.
    a) Vertical b) Downward c) Upward d) Horizontal

18. ______ price is the minimum price which the seller must get in order to offer a part or the whole stock of goods for sale.
 a) Reservation b) Supply c) Selling d) Market
19. A change in ______ shifts the supply curve
 a) Price b) Government Policy c) Taste d) Preference
20. The price elasticity of demand for a particular brand of chocolate is estimated to be 2 . If quantity demanded has increased by 10 percent, price must have
 a) fallen by 5 percent b) risen by 5 percent
 c) fallen by 10 percent d) risen by 10 percent
21. Which of the following will not be a determinant of the price elasticity of demand for a commodity?
 a) Availability of substitute for the good
 b) The range of price change
 c) The cost of producing the commodity
 d) The length of time period to which the demand curve pertains
22. When TR is increasing with every fall in price, the price elasticity of demand is
 a) equal to one b) greater than one c) less than one d) equal to zero
23. Any government policy leading to reduction in the supply of farm products is beneficial for whom?
 a) Consumers b) Farmers c) Government d) Employees
24. Price elasticity of demand is defined as
 a) the change in quantity demanded resulting from one percentage change in price.
 b) the percentage change in price resulting from one unit change in quantity demanded.
 c) the percentage change in quantity demanded resulting from one percentage change in price.
 d) the change in the price of a good divided by the resulting change in its quantity demanded.
25. When demand is relatively inelastic, price and total revenue changes take place in the _____ direction.
 a) same b) opposite c) negative d) positive
26. When the price ceiling is below the equilibrium price it is
 a) binding b) not binding c) having no effect d) surplus effect
27. Cross elasticity of demand for complementary goods is
 a) negative b) positive c) zero d) one
28. The marginal rate of technical substitution is
 a) the rate at which a producer is able to exchange one factor for another, without affecting the quantity of output produced.
 b) the rate at which a producer is able to exchange one factor for another, without affecting the total cost of factor inputs.
 c) the rate at which a producer is able to exchange one factor for another, without affecting the total quantity of factor inputs used.
 d) the rate at which a producer is able to exchange one product for another, without affecting the quantity of factor inputs used.

29. If the cost of acquiring labour declines, with no change in the cost of capital and the firm's monetary resources, then
    a) the iso-cost line will shift upward.
    b) the iso-cost line will shift downward.
    c) only the Y-intercept of the iso-cost line will change.
    d) only the X-intercept of the iso-cost line will change
30. An isoquant curve shows
    a) all the alternative combinations of two inputs that yield the same total product
    b) all the alternative combinations of two products that can be produced by using a given set of inputs in the best possible way
    c) all the alternative combinations of two products among which a producer is indifferent because they yield the same profit
    d) all alternative combinations of two inputs that have the same cost.
31. An iso-cost line identifies
    a) the least costly combination of inputs needed to produce a given quantity of output.
    b) the relative prices of inputs
    c) the technological relationships among inputs.
    d) the rate at which one input can be substituted for another in the production process.
32. Which of the following statements is not true of a smooth convex isoquant?
    a) It represents continuous substitutability of factors.
    b) It represents limited substitutability of factors.
    c) It represents the same level of output.
    d) Its slope is measured by $MRTS_{KL}$
33. If a firm in a perfectly competitive market doubles the number of units of output sold, then total revenue will
    a) More than triple b) Halve
    c) Exactly double d) Remain constant
34. In the long-run all cost are
    a) fixed b) variable c) avoidable d) discounted
35. For a firm in a perfectly competitive market, the price of the good is always
    a) Equal to marginal revenue b) Equal to total revenue
    c) Greater than average revenue d) Equal to the firm's efficient scale of output
36. A firm's equilibrium output is produced at a point
    a) MC = MR b) MC > MR c) MC< MR d) MC ≤ MR
37. The demand curve faced by an individual seller in perfect competition, is
    a) Perfectly elastic b) Perfectly inelastic
    c) Relatively elastic d) Unitary elastic
38. Suppose a firm in a perfectly competitive market sells 2000 units and earns total revenue of ₹ 50000, what is marginal revenue of the firm ?
    a) Less than ₹ 25 b) ₹ 25 c) ₹ 50 d) ₹ 75

39. Suppose a firm in a competitive market produces and sells 100 units of output and has a marginal revenue of ₹ 8.00. What would be the firm's total revenue?
    a) ₹ 1600.00 b) ₹ 1000.00 c) ₹ 800.00 d) ₹ 2000.00
40. In perfect competition at any given time, price for a commodity is
    a) same b) different c) discounted d) avoidable
41. First degree price discrimination refers to
    a) each customer is charged different price for the same commodity
    b) each market segment is charged different price
    c) different prices are charged for same commodity in different market
    d) each market segment is charged same price
42. A price discriminating monopolist distributes total output between the markets till the point
    a) where MR in all the markets is same b) where MR differs in different markets
    c) where AR in different markets is same d) where AR and MR in all markets is same
43. Under dumping a monopolist's demand curve in the world market is
    a) downward sloping and less elastic b) perfectly elastic
    c) a kinky demand curve d) perfectly inelastic
44. Price discrimination is profitable when
    a) elasticity of demand is the same in different markets
    b) elasticity differs in different market
    c) when demand in different markets is perfectly elastic
    d) no change in market
45. Dumping takes place when a monopolist
    a) has monopoly in the world as well as home market
    b) has monopoly in the world market
    c) has monopoly in the home market and competitive world market
    d) has monopoly in the home market only
46. An oligopolist faces
    a) a smooth downward sloping demand curve b) horizontal demand curve
    c) kinked demand curve d) vertical supply curve
47. Price leadership avoids
    a) price war b) new entrants to the market
    c) promotes product differentiation d) new product
48. An oligopolist is
    a) certain about his decision b) uncertain about his decision
    c) totally depends on others d) depends on price changes
49. Collusive oligopoly is beneficial to
    a) consumer b) producers c) customers d) product
50. A kinked demand curve indicates
    a) Price flexibility in non-collusive oligopoly b) Price flexibility in collusive oligopoly
    c) Price rigidity in collusive oligopoly d) Price rigidity in non-collusive oligopoly