UNIVERSITY OF CALICUT
SCHOOL OF DISTANCE EDUCATION

B COM/BBA (2011 Admn. Onwards)
I SEMESTER
COMPLEMENTARY COURSE

MANAGERIAL ECONOMICS

QUESTION BANK

1. The famous book on economics “An Enquiry into the Nature and Cause of Wealth of Nation” was Written by
    a. Alfred Marshall
    b. Adam Smith
    c. J M Keynes
    d. A C Pigou
2. Wealth(Classical)definition of economics is given by
    a. A C Pigou
    b. Lionel Robbins
    c. Adam Smith
    d. Alfred Marshall
3. ……………. is known as the ‘father of economics
    a. A C Pigou
    b. Lionel Robbins
    c. Adam Smith
    d. Alfred Marshall
4. Welfare(neo classical) definition of economics is given by
    a. J B Say
    b. Lionel Robbins
    c. Adam Smith
    d. Alfred Marshall
5. The scarcity(New) definition is suggested by
    a. A C Pigou
    b. Lionel Robbins
    c. Adam Smith
    d. Alfred Marshall
6. Micro economics studies the economic actions and behavior of
    a. Individual units
    b. Economic aggregates
    c. Total employment
    d. General price level
7. Macro economics is concerned with
    a. The theory of firm
    b. Household expenditure
    c. General price level
    d. Individual consumer behavior
8. The author of the book “ The General Theory of Employment, Interest and Money”
    a. Alfred Marshall
    b. Adam Smith
    c. J M Keynes
    d. A C Pigou

9. Managerial Economics is
    a. Dealing only micro aspects
    b. Only a normative science
    c. Deals with practical aspects
    d. All of the above
10. Modern definition is also called as
    a. Growth definition
    b. Welfare definition
    c. scarcity definition
    d. Neoclassical definition
11. Economics was classified into micro and macro by
    a. Ragnar Frisch
    b. Adam Smith
    c. J M Keynes
    d. A C Pigou
12. Who is regarded as a father of Business Economics
    a. Joel Dean
    b. Adam Smith
    c. J M Keynes
    d. Ragnar Frisch
13. Decision making and --------are the two important functions of executive of business firms
    a. Forward planning
    b. Directing
    c. Supervising
    d. Administration
14. " A rupee tomorrow is worth less than a rupee today" relates to
    a. Opportunity cost principle
    b. Discounting principle
    c. Equi-marginal principle
    d. None of these
15. …………is micro economic theory
    a. Demand theory
    b. Price theory
    c. Income theory
    d. None of these
16. Macro economic theory is also called as
    a. Demand theory
    b. Price theory
    c. Income theory
    d. None of these
17. Allocation of available resources among alternatives is based on the principle
    a. Opportunity cost principle
    b. Discounting principle
    c. Equi-marginal principle
    d. None of these
18. The techniques of optimization include
    a. Marginal analysis
    b. Calculus
    c. Linear programming
    d. All of the above

19. Which one is not a characteristics of managerial economics
    a. Micro economics
    b. Normative science
    c. Positive science
    d. Pragmatic
20. Which is the characteristics of managerial economics
    a. Deals with both micro and macro aspects
    b. Both positive and normative science
    c. Deals with theoretical aspects
    d. Deals with practical aspects.
21. ………….is economic theory used in business whereas ……….is economics theory used in business and non business organization
    a. Micro economics, macro economics
    b. Business economics, managerial economics
    c. Positive economics and normative economics
    d. None of these
22. Managerial economics is also called
    a. Micro economics
    b. Theory of the firm
    c. Economics of the firm
    d. All of the above.
23. Which of the following is not included in functions of managerial economists
    a. Sales forecasting
    b. Industrial market research
    c. Advice on foreign exchange
    d. None of the above
24. Which of the following is included in specific functions of managerial economists
    a. Economic analysis of competing companies
    b. Advice on pricing problems of industry
    c. Environmental forecasting
    d. All of the above
25. Which of the following is not a function of managerial economists
    a. Advice on trade and public relations
    b. Economic analysis of agriculture
    c. Investment analysis
    d. Supervision and control
26. Which of the following is not a function of managerial economist
    a. Analysis of under developed economies
    b. Capital project appraisal
    c. Advice on primary commodities
    d. None of these
27. Basic economic tools of managerial economics include
    a. Opportunity cost principle
    b. Incremental principle
    c. Discounting principle
    d. All of the above
28. Basic economic tools of managerial economics does not include
    a. Principle of time perspective
    b. Equi-marginal principle
    c. Incremental principle
    d. None of these

29. ………..principle is closely related to the marginal costs and marginal revenue of economic theory
    a. Principle of time perspective
    b. Equi-marginal principle
    c. Incremental principle
    d. None of these
30. Analysis of long run and short run affects of decisions on revenue as well as costs is based on
    a. Principle of time perspective
    b. Equi-marginal principle
    c. incremental principle
    d. None of these
31. "…………in economics means demand backed up by enough money to pay for the goods demanded"
    a. Utility
    b. Consumption
    c. Supply
    d. Demand
32. Want satisfying power of commodity is called
    a. Demand
    b. Utility
    c. Satisfaction
    d. Consumption
33. In economics, desire backed by purchasing power is known as
    a. Utility
    b. Demand
    c. Consumption
    d. Scarcity
34. The demand has three essentials- Desire, Purchasing power and ………..
    a. Quantity
    b. Cash
    c. Supply
    d. Willingness to purchase
35. ………… means an attempt to determine the factors affecting the demand of a commodity or service and to measure such factors and their influences
    a. Demand planning
    b. Demand forecasting
    c. Demand analysis
    d. Demand estimation
36. ………… is known as the 'first law in market"
    a. Law of supply
    b. Law of consumption
    c. Law of demand
    d. Law of production
37. Demand =Desires+ …………… +willingness to pay
    a. Supply
    b. utility
    c. Want
    d. Purchasing power

38. Law of demand shows the functional relationship between …………and quantity demanded
    a. Supply
    b. Cost
    c. Price
    d. Requirements
39. The relationship between price and quantity demanded is
    a. Direct
    b. Inverse
    c. Linear
    d. Non-linear
40. …………….means relationship between demand and its various determinants expressed mathematically
    a. Demand extension
    b. Demand contraction
    c. Demand analysis
    d. Demand function
41. **D = f (P, Y, T, Ps, U),**where the letter **U** stands for
    a. Utility
    b. Units of consumption
    c. Usage
    d. Consumer expectation & others
42. In the above function, the letters **Ps** stands for
    a. Preference of consumers
    b. Price of commodity
    c. Price of substitutes
    d. Product supply
43. In the above function, the letter **Y** stands for
    a. Yield of production
    b. Income of consumers
    c. Utility
    d. Supply
44. In the above function, the letter **T** stands for
    a. Target price
    b. Total supply
    c. Total consumption
    d. Taste and preference of consumers
45. Basic assumptions of law of demand does not include
    a. There is no change in consumers' taste and preference
    b. Income should remain constant.
    c. Prices of other goods should change.
    d. There should be no substitute for the commodity
46. Basic assumptions of law of demand include
    a. Prices of other goods should change.
    b. There should be substitute for the commodity.
    c. The commodity should not confer any distinction.
    d. The demand for the commodity should not be continuous

47. Generally demand curve have ....
    a. Negative slope
    b. Positive slope
    c. Horizontal line
    d. Vertical line
48. The change in demand due to change in price only, where other factors remaining constant, it is called.........
    a. Shift in demand
    b. Extension of demand
    c. Contraction of demand
    d. Both extension and contraction
49. When the quantity demanded of a commodity rises due to a fall in price, it is called
    a. Extension
    b. Upward shift
    c. Downward shift
    d. Contraction
50. When the quantity demanded falls due to a rise in price, it is called
    a. Extension
    b. Upward shift
    c. Downward shift
    d. Contraction
51. When the demand changes due to changes in other factors, like taste and preferences, income, price of related goods etc... , it is called
    a. Extension of demand
    b. Contraction of demand
    c. Shift in demand
    d. None of these
52. In the case of .... Consumer may moves to higher or lower demand curve
    a. Extension of demand
    b. Contraction of demand
    c. Shift in demand
    d. Slopes in demand
53. The **Giffen** goods are .... Goods
    a. Inferior goods
    b. Superior goods
    c. Related goods
    d. Same goods
54. Higher the price of certain luxurious articles, higher will be the demand, this concept is called
    a. Giffen effects
    b. Veblen effects
    c. Demonstration effects
    d. Both b & c above
55. Demand for milk, sugar, tea for making tea, is an example of
    a. Composite demand
    b. Derivative demand
    c. Joint demand
    d. Direct demand
56. Demand for electricity is an example of
    a. Composite demand
    b. Derivative demand
    c. Joint demand
    d. Direct demand

57. Demand for tyres depends on demand of vehicles, the demand for tyres called as
    a. Composite demand
    b. Derivative demand
    c. Joint demand
    d. Direct demand
58. Determinants of demand includes
    a. Price of a commodity
    b. Nature of commodity
    c. Income and wealth of consumer
    d. All the above
59. Exceptional Demand Curve (Perverse demand curve)
    a. Moving upward from left to right
    b. Moving upward from right to left
    c. Moving horizontally
    d. Moving vertically
60. Which of the following is not an exception to the downward sloping of demand curve
    a. Giffen paradox
    b. Veblen effects
    c. Necessaries
    d. Income effect
61. The concept of Elasticity of Demand was introduced by
    a. Alfred Marshall
    b. Lionel Robbins
    c. Adam smith
    d. J M Keynes
62. Price Elasticity of demand =
    a. $\dfrac{\text{Proportionate change in quantity demanded}}{\text{Proportionate change in price}}$
    b. $\dfrac{\text{Change in Quantity demanded / Quantity demanded}}{\text{Change in Price/price}}$
    c. $\dfrac{(Q2-Q1)/Q1}{(P2-P1)/P1}$
    d. All the above
63. When a small change in price leads to infinite change in quantity demanded, it is called
    a. Perfectly elastic demand
    b. Perfectly inelastic demand
    c. Relative elastic demand
    d. Relative inelastic demand
64. Quantity remains the same whatever the change in price, this is the case of
    a. Perfectly elastic demand
    b. Perfectly inelastic demand
    c. Relative elastic demand
    d. Relative inelastic demand
65. In the case of ………… a small change in price leads to very big change in quantity demanded
    a. Perfectly elastic demand
    b. Perfectly inelastic demand
    c. Relative elastic demand
    d. Unit elastic demand

66. In case of …….. quantity demanded changes less than proportionate to changes in price
    a. Perfectly elastic demand
    b. Perfectly inelastic demand
    c. Relative elastic demand
    d. Relative inelastic demand
67. When the change in demand is exactly equal to the change in price, it is called
    a. Perfectly elastic demand
    b. Perfectly inelastic demand
    c. Relative elastic demand
    d. Unitary elastic demand
68. Ep = 0 in the case of -----------elasticity
    a. Perfectly elastic demand
    b. Perfectly inelastic demand
    c. Relative elastic demand
    d. Unitary elastic demand
69. Perfect elasticity is known as
    a. Finite elastic
    b. Infinite elastic
    c. Unitary elastic
    d. Zero elastic
70. In the case of perfect elasticity, the demand curve is
    a. Vertical
    b. Horizontal
    c. Flat
    d. Steep
71. in the case of perfect inelasticity, the demand curve is
    a. Vertical
    b. Horizontal
    c. Flat
    d. Steep
72. EP =…………in the case of relatively elastic demand
    a. 1
    b. >1
    c. <1
    d. 0
73. EP = ………in case of relatively inelastic demand
    a. 0
    b. Infinite
    c. 1
    d. <1
74. In the case of unitary elastic demand, the shape of demand curve is
    a. Vertical line
    b. Horizontal line
    c. Rectangular hyperbola
    d. Steep

75. Unitary elasticity of demand mean
    a. EP =>1
    b. EP =<1
    c. EP = o
    d. EP = 1
76. ……… shows the change in quantity demanded as a result of a change in consumers' income
    a. Price elasticity
    b. Cross elasticity
    c. Income elasticity
    d. None of these
77. For the commodities like salt, sugar etc.,the income elasticity will be
    a. Zero
    b. Negative
    c. Positive
    d. Unitary
78. when income increases, quantity demanded falls, it is
    a. Positive income elasticity
    b. Zero income elasticity
    c. Negative income elasticity
    d. Unitary income elasticity
79. An increase in income may lead to an increase in the quantity demanded, it is
    a. Positive income elasticity
    b. Zero income elasticity
    c. Negative income elasticity
    d. Unitary income elasticity
80. A positive income elasticity may be
    a. Unit income elasticity
    b. Income elasticity greater than unity
    c. Income elasticity less than unity
    d. Any of the above
81. The proportionate change in the quantity demanded of a commodity in response to change in the price of another related commodity is called
    a. Price elasticity
    b. Related elasticity
    c. Cross elasticity
    d. Income elasticity
82. Tea and coffee are
    a. Complimentary goods
    b. Substitute goods
    c. Supplementary goods
    d. Reserve goods
83. Car and petrol are
    a. Complimentary goods
    b. Substitute goods
    c. Supplementary goods
    d. Reserve goods

84. If the commodities are substitute in nature, cross elasticity will be
    a. Negative
    b. Positive
    c. Zero
    d. Any of the above
85. If the commodities are complimentary, cross elasticity will be
    a. Negative
    b. Positive
    c. Zero
    d. Any of the above
86. The responsiveness of demand due to a change in promotional expenses is called
    a. Expenditure elasticity
    b. Advertisement elasticity
    c. Promotional elasticity
    d. Above b or c
87. Which one is the method for measurement of elasticity
    a. Proportional or Percentage Method
    b. Outlay Method
    c. Geometric method
    d. All the above
88. Outlay method of measurement of elasticity is also called as
    a. Percentage method
    b. Expenditure method
    c. Point method
    d. Geometric method
89. …….method measures elasticity between two points
    a. Proportional or Percentage Method
    b. Outlay Method
    c. Geometric method
    d. Arc Method
90. Demand for necessary goods (salt, rice, etc,) is……….and demand for comfort and luxury good is
    a. Elastic, inelastic
    b. Inelastic, elastic
    c. Elastic, elastic
    d. Inelastic, inelastic
91. ……………..is the process of finding current values of demand for various values of prices and other determining variables.
    a. Demand Estimation
    b. Demand analysis
    c. Demand function
    d. Demand forecasting
92. Tools and techniques for demand estimation includes;
    a. Consumer surveys.
    b. consumer clinics and focus groups
    c. Market Experiment
    d. All o the above

93. ………… is an "objective assessment of the future course of demand"
    a. Demand Estimation
    b. Demand analysis
    c. Demand function
    d. Demand forecasting
94. …………demand forecasting is related to the business conditions prevailing in the economy as a whole
    a. Macro level
    b. Industry level
    c. Firm level
    d. None of these
95. ……………… demand forecasting is prepared by different trade association in order to estimate the demand for particular industries products
    a. Macro level
    b. Industry level
    c. Firm level
    d. None of these
96. ……………forecasting is more important from managerial view point as it helps the management in decision making with regard to the firms demand and production.
    a. Macro level
    b. Industry level
    c. Firm level
    d. None of these
97. Purposes of Short term Demand forecasting includes;
    a. Making a suitable production policy.
    b. To reduce the cost of purchasing raw materials and to control inventory.
    c. Deciding suitable price policy
    d. All the above
98. Purposes of Short term Demand forecasting doesn't includes;
    a. Deciding suitable price policy
    b. Setting correct sales target on the basis of future demand
    c. Forecasting short term financial requirements
    d. None of these
99. Purposes of Short term Demand forecasting doesn't includes;
    a. Making a suitable production policy.
    b. To reduce the cost of purchasing raw materials and to control inventory.
    c. Deciding suitable price policy
    d. Planning of a new unit or expansion of existing unit
100. Purposes of long term Demand forecasting doesn't includes;
    a. Planning of a new unit or expansion of existing unit.
    b. Planning long term financial requirements.
    c. Planning of manpower requirements.
    d. Deciding suitable price policy
101. Purposes of long term Demand forecasting includes
    a. Making a suitable production policy.
    b. To reduce the cost of purchasing raw materials and to control inventory.
    c. Deciding suitable price policy
    d. Planning of a new unit or expansion of existing unit

102. Survey method of demand forecasting includes
   a. Opinion survey
   b. Expert opinion
   c. Delphi method
   d. All the above
103. ………..Method is also known as Sales- Force –Composite method or collective opinion method
   a. Opinion survey
   b. Expert opinion
   c. Delphi method
   d. Consumer interview method
104. Under ….. Method, a panel is selected to give suggestions to solve the problems in hand
   a. Opinion survey
   b. Expert opinion
   c. Delphi method
   d. Consumer interview
105. Consumer Interview method of demand forecasting may undertaken by;
   a. Complete enumeration
   b. Sample survey
   c. End-use method
   d. All the above
106. In …….. approach, the demand for new product is estimated on the basis demand of existing product
   a. Growth curve approach
   b. Evolutionary approach.
   c. Opinion polling approach
   d. Vicarious approach.
107. In …….approach, Consumers reactions on the new products are found out indirectly with the help of specialized dealers
   a. Growth curve approach
   b. Evolutionary approach.
   c. Opinion polling approach
   d. Vicarious approach.
108. In ………approach, on the basis of the growth of an established product, the demand for the new product is estimated
   a. Growth curve approach
   b. Evolutionary approach.
   c. Opinion polling approach
   d. vicarious approach
109. Method of demand forecasting is also called “economic model building”
   a. Opinion survey
   b. Complete enumeration
   c. Correlation and regression
   d. Delphi method
110. Criteria for good demand forecasting includes;
   a. Plausibility
   b. Simplicity
   c. Economy
   d. All the above.
111. ……….is the base of marketing planning
   a. Demand Estimation
   b. Demand analysis
   c. Demand function
   d. Demand forecasting

112. Growth curve approach is used for forecasting demand of …………products
    a. New
    b. Old
    c. Existing
    d. Both old and existing.
113. Which of the following is not a method of demand forecasting of new products
    a. Trend projection
    b. Substitute approach
    c. Evolutionary approach
    d. Sales experience approach
114. ……….= R2-R1/Q2-Q1
    a. Average revenue
    b. Total revenue
    c. Marginal revenue
    d. Incremental revenue
115. ……….. Measures the differences between the new total revenue and existing total revenue
    . a. Average revenue
    b. Total revenue
    c. Marginal revenue
    d. Incremental revenue
116. ………. means the total receipts from sales divided by the number of unit sold.
    a. Average revenue
    b. Total revenue
    c. Marginal revenue
    d. Incremental revenue
117. So long as Average Revenue is falling, Marginal Revenue will be ………… Average Revenue
    a. Less than
    b. More than
    c. Equal to
    d. None of these
118. Where Marginal revenue is negative, TR will be …………..
    a. Rising
    b. Falling
    c. Zero
    d. One
119. Total Revenue will be maximum at the point where Marginal Revenue is
    a. One
    b. Zero
    c. <1
    d. >1
120. …………. is the change in total revenue irrespective of changes in price or due to the effect of managerial decision on revenue
    a. Average revenue
    b. Total revenue
    c. Marginal revenue
    d. Incremental revenue

121. In…………..pricing fixed cost are excluded.
   a. skimming pricing
   b. going rate pricing
   c. administered pricing
   d. marginal cost pricing
122. Fixing high price during the introduction is called
   a. skimming
   b. penetrating
   c. full cost pricing
   d. target pricing
123. The firm charges price in tune with the industry's price is called
   a. competitive pricing
   b. going rate pricing
   c. tune pricing
   d. target pricing
124. Method of charging low price initially called……………
   a. skimming
   b. penetrating
   c. full cost pricing
   d. target pricing
125. Pricing is done on the basis of managerial decisions, not on the basis of cost, demand etc…
   a. Managerial pricing
   b. Administered pricing
   c. Full cost pricing
   d. Competitive pricing
126. Which of the following method of pricing is popular in wholesale and retail trades
   a. skimming
   b. penetrating
   c. full cost pricing
   d. target pricing
127. Which one of the following is not an internal factor influencing pricing policy
   a. cost
   b. objectives
   c. marketing mix
   d. demand
128. Which one of the following is an internal factor influencing pricing
   a. demand
   b. competition
   c. distribution channel
   d. product life cycle
129. Cost plus pricing is also called
   a. margin pricing
   b. full cost pricing
   c. mark up pricing
   d. all the above

130. Average cost pricing is also called as
   a. cost plus pricing
   b. marginal cost pricing
   c. margin pricing
   d. both a & c
131. Under which method, the cost is added with the predetermined target rate of return on capital invested
   a. Cost plus pricing
   b. Target pricing
   c. Mark up pricing
   d. None of these
132. Target pricing is also called as
   a. Cost plus pricing
   b. Rate of return pricing
   c. Mark up pricing
   d. None of these
133. Under the Marginal cost pricing, the price is determined on the basis of;
   a. Fixed cost
   b. Variable cost
   c. Total cost
   d. Average cost
134. Cinema Theater, telephone bills etc..are following
   a. Full cost pricing
   b. Marginal cost pricing
   c. Differential pricing
   d. Mark up pricing
135. Price discrimination is also called as
   a. Discriminatory pricing
   b. Differential pricing
   c. Average cost pricing
   d. a & b above
136. The method of pricing which is also known as Parity pricing and Acceptance pricing is
   a. Differential pricing
   b. Going rate pricing
   c. Discriminatory pricing
   d. Mark up pricing
137. The pricing of cup of tea or coffee, is an example of
   a. Mark up pricing
   b. Marginal cost pricing
   c. Conventional pricing
   d. Cost plus pricing
138. ……………………is the method of leadership pricing
   a. Going rate pricing
   b. Follow up pricing
   c. Barometric pricing
   d. Parity pricing

139. Generally used strategy for pricing new products is/are
   a. Skimming price strategy
   b. Penetration price strategy
   c. Both a & b
   d. None of these
140. ………….. provide guidelines to carry out …………..
   a. Pricing strategies, pricing policies
   b. Pricing policies, pricing strategies
   c. Pricing rules, pricing policies
   d. Pricing rules, pricing strategies
141. Psychological pricing is also called as;
   a. Penetration pricing
   b. Skimming pricing
   c. Odd pricing
   d. None of these
142. Prices of Bata shoe as Rs.99.99, this pricing is
   a. Mark up pricing
   b. Odd pricing
   c. Marginal cost pricing
   d. Follow up pricing.
143. Which one of the following is not a reason for adopting skimming price strategy
   a. When the demand of new product is relatively inelastic.
   b. When there is no close substitutes
   c. Elasticity of demand is not known
   d. Product has high price elasticity in the initial stage
144. Which one of the following is not a reason for adopting penetration price strategy
   a. Product has high price elasticity in the initial stage.
   b. The product is accepted by large number of customers.
   c. Economies of large scale production available to firm
   d. When the buyers are not able to compare the value and utility
145. Customary pricing is also known as
   a. Consumer pricing
   b. Conventional pricing
   c. Cost plus pricing
   d. Full cost pricing
146. Which of the following is/ are the reason for adopting penetration price strategy
   a. Economies of large scale production available to firm.
   b. Potential market for the product is large.
   c. Cost of production is low.
   d. All the above
147. Which of the following is/ are the reason for adopting skimming price strategy
   a. When the buyers are not able to compare the value and utility.
   b. To attract the high income customers.
   c. When the product has distinctive qualities, luxuries
   d. All the above

148. In a perfectly competitive market, individual firm

a) cannot influence the price of its product
b) can influence the price of its product
c) can fix the price of its product
d) can influence the market force

149. Perfect competition is characterized by

a) large number of buyers and sellers
b) homogeneous product
c) free entry and exit of firms
d) all the above

150. The market with a single producer''

a) perfect competition
b) monopolistic competition
c) oligopoly
d) monopoly

151. Selling cost is the feature of the market form

a) monopoly
b) monopolistic competition
c) oligopoly
d) none of these

152 The product under monopolistic competition are

a) differentiated with close substitute
b) perfect substitute
c) differentiated without close substitute
d) homogeneous

153. In the oligopoly market there are

a) large no. of firms
b) a few firms
c) a single firm
d) an infinite no. of firms

154. The concept of product differentiation was introduced by

a) TR Malthus
b) JM Keynes
c) Mrs. Robinson
d) Chamberlin

155. The short run production function is called;

a) Returns to scale
b) law of variable proportion
c) Production possibility frontier
d) None of these

156. Under oligopoly a single seller cannot influence significantly

a) market price
b) quantity supplied
c) advertisement cost
d) all the above

157. Average revenue is the revenue per

a) unit commodity sold
b) total commodity sold
c) marginal commodity sold
d) none of these

158. The distinction between variable cost and fixed cost is relevant only in

a) long period
b) short period
c) medium term
d) mixed period

159. The condition for the long run equilibrium of a perfectly competitive firm

a) Price=MC=AC
b) Price=TC
c) MC=AVC
d) MC=MR

160. Product differentiation is the important feature of

a) monopoly
b) perfect competition
c) monopolistic competition
d) monophony

161. The architect of the theory of monopolistic competition

a) Rosenstein Roden
b) JR Hicks
c) Karl Marx
d) Chamberlin

162. The no. of firms under oligopoly is

a) 1
b) 2
c) many
d) few

163. The law of diminishing returns applies more to

a) agriculture
b) industry
c) services
d) commerce

164. The opportunity cost of a given activity is

a) the value of next best activity
b) the value of material used
c) the cost of input used
d) none of these

165. The function of combining the other factors of production is done by

a) land
b) labour
c) Capital
d) Entrepreneurship

166. The factors used in the production

a) Land and labor
b) capital & entrepreneurship
c) both a&b
d) only capital

167. In a perfect market both buyers and sellers are

a) price maker
b) price giver
c) price taker
d) all the above

168. Which is the determinant of the pricing policy of a firm?
 a) Channel of distribution
 b) Age of product
 c) Consumer association
 d) All of these
169. Information for pricing decisions involves:
 a) Product information
 b) Market information
 c) Information at the micro level
 d) All of these
170. Which is the reason of skimming price?
 a) Inelastic demand
 b) Diversion of market
 c) Safer price policy
 d) All of these
171. Which is the condition of for market penetration?
 a) High price elasticity of demand in the short run
 b) Savings in production costs
 c) Threat of potential competition
 d) All of these
172. Production may be defined as an act of:
 a) Creating utility
 b) Earning profit
 c) Destroying utility
 d) Providing services
173. The demand curve of a firm in the case of perfect competition is:
 a) Parallel to output axis
 b) Increasing with the output axis
 c) Decreasing with the output axis
 d) Complete
174. The implication of the kinked demand curve is reflected in a discontinuity in the:
 a) Marginal revenue curve
 b) Marginal cost curve
 c) Total revenue curve
 d) Total cost curve
175. The concept of monopsony was invented by:
 a) Marshall
 b) AP. Learner
 c) Chamberlin
 d) Mrs. J. Robinson
176. A firm that is the sole seller of a product without close substitutes called:
 a) Monopoly
 b) Oligopoly
 c) Competition
 d) Bureaucracy

177. When all the productive services are increased in a given proportion, the product is increased in the same proportion. This situation is called:
  a) Law of increasing
  b) Situation of constant returns
  c) Fixed cost
  d) Variable cost
178. Which factors is/are influencing price policy?
  a) Cost of product
  b) Time factor
  c) Government policy
  d) All of these
179. Pricing methods are:
  a) Standard cost method
  b) Learning curve method
  c) Marginal cost method
  d) All of these
180. Which is the feature of perfect competition?
  a) Large number of buyers and sellers
  b) Freedom of entry and exit
  c) Normal profit in the long run
  d) All of these
181. Which is/are the salient features of monopolistic competition?
  a) Large number of sellers
  b) Normal profit
  c) Free entry and exit of firms in industry
  d) All of these
182. Which are the characteristics of monopoly?
  a) Single seller or producer
  b) No close substitutes
  c) Inelastic demand curve
  d) All of these
183. The causes of emergence of monopoly is/are:
  a) Concentration of ownership of raw materials
  b) State regulation
  c) Public utility services
  d) All of these
184. Which are not the features of oligopoly?
  a) Few sellers
  b) Advertising and sales promotion
  c) One firm
  d) Conflicting attitudes of firms
185. The monopoly can be controlled by:
  a) Social boycott
  b) Antimonopoly legislation
  c) Public ownership
  d) All of these

186. The properties of indifference curves are:
   a) Indifference curve slops downwards from left to right
   b) Convex to the point of origin
   c) Two indifference curve never cut each other
   d) All of these

187. Price discrimination occurs when variation in prices for a product in different markets does not reflect variation?
   a) Costs
   b) Price
   c) Demand
   d) All of these

188. A cost that has already been committed and cannot be recovered known as:
   a) Sunk cost
   b) Total cost
   c) Full cost
   d) Variable cost

189. The competitive firm's long run supply curve is the portion of it's …………..curve lies above average total cost.
   a) Marginal cost
   b) Revenue cost
   c) Fixed cost
   d) All of these

190. Whenever marginal cost is more than …………average total cost is falling:
   a) Average total revenue
   b) Average total cost
   c) Average profit
   d) All of these

191. Whenever ………..is greater than average total cost, average total cost is rising.
   a) Marginal cost
   b) Variable cost
   c) Fixed cost
   d) Full cost

192. The claim that, other things equal, the quantity supplied of a goods rises when the price of goods raises known as:
   a) Law of economics
   b) Law of supply
   c) Law of demand
   d) All of these

193. The marginal revenue equation can be derived from the:
   a) Demand equation
   b) Supply equation
   c) Cost equation
   d) Price equation

194. Marginal revenue is …………at the quantity that generate maximum total revenue and negative beyond that point.

a) Zero
b) One
c) +1
d) -1

195. ------------is situation of severely falling prices and lowest level of economic activities

a) Boom
b) Recovery
c) Recession
d) Depression

196. ------------is situation with increased investment and increased price

a) Recession
b) Progress
c) Boom
d) Recovery

197. Which of the following is not a macroeconomic concept?

a) Business cycle
b) National income
c) Government policy
d) None of these

198. Where boom ends,……….. starts

a) Recovery
b) Recession
c) Progress
d) Depression

199. Factors which change over a long period of time are called……..factors

a) Business
b) Cyclic
c) Secular
d) All the above

200. In business cycle concept, the period of “long wave” is of;

a) 25 years
b) 50 years
c) 100 years
d) 200 years

201. In business cycle concept, the period (approximately) of “Kit chin cycle” is of:

a) 5 years
b) 10 months
c) 2 years
d) 4 months

202. The “law of variable proportion” is first explained by

a) Edward west
b) Marshall
c) Veblen
d) Keynes

203. Functional relationship between input and output known as
   a) Conversion
   b) Production function
   c) Work in progress
   d) Output function
204. Iso-cost line indicate the price of
   a) Output
   b) Inputs
   c) Finished goods
   d) Raw material
205. …………..product will never be zero or negative
   a) Marginal
   b) Total
   c) Average
   d) All the above
206. A graph indicating different combination of inputs with different level of output is called
   a) Iso-cost map
   b) BEP map
   c) Input-output map
   d) Iso-quant map
207. Which is not a property of ISOQUANT?
   a) Downward sloping
   b) Convex
   c) Negative slope
   d) Positive slope
208. Which of the following is not a variable input?
   a) Raw material
   b) Power
   c) Equipment
   d) None of these
209. Which of the following is a short run law?
   a) Law of constant return to scale
   b) Law of increasing return to scale
   c) Law of diminishing return
   d) None of these
210. …………is called produced means of production
   a) Land
   b) Labour
   c) Capital
   d) Raw material
211. In the long run all input become …………
   a) Fixed
   b) Variable
   c) Semi variable
   d) None of these

212. The term “Economies” refers to
   a) Product advantage
   b) Cost advantage
   c) Sales advantage
   d) All of the above

213. Who classified economies of scale into internal and external?
   a) Robinson
   b) Marshall
   c) Edward west
   d) Pigue

214. Related to production function, MRTS stand for;
   a) Marginal revenue and total sales
   b) Minimum revenue from total sales
   c) Marginal rate of total supply
   d) Marginal rate of technical substitution

215. Which of the following is not coming under imperfect competition?
   a) Oligopoly
   b) Duopoly
   c) Monopoly
   d) Monopolistic

216. in economics ……..means ‘a state of rest ‘or ‘stability’
   a) Depression
   b) Equilibrium
   c) Maturity
   d) growth

217. In perfect completion, a firm is a
   a) Price maker
   b) Price taker
   c) Both of the above
   d) None of these

218. Selling at a lower price in export market and at a higher price at home market is called
   a) Export subsidy
   b) Dumping
   c) Price cut
   d) All the above

219. Which of the following is not a feature of monopolistic completion?
   a) Large number of producers
   b) Free entry and exit
   c) More elastic demand
   d) Price competition

Answer key

Question No	Answer	Question No	Answer	Question No	Answer
01	b	11	a	21	b
02	c	12	a	22	d
03	c	13	a	23	d
04	d	14	b	24	d
05	b	15	b	25	d
06	a	16	c	26	d
07	c	17	c	27	d
08	c	18	d	28	d
09	d	19	c	29	c
10	a	20	d	30	a

Question No	Answer	Question No	Answer	Question No	Answer
31	d	41	d	51	c
32	b	42	c	52	c
33	b	43	b	53	a
34	d	44	d	54	b
35	c	45	c	55	c
36	c	46	c	56	a
37	d	47	a	57	b
38	c	48	d	58	d
39	b	49	a	59	a
40	d	50	d	60	d

Question No	Answer	Question No	Answer	Question No	Answer
61	a	71	a	81	c
62	d	72	b	82	b
63	a	73	d	83	a
64	b	74	c	84	b
65	c	75	d	85	a
66	d	76	c	86	d
67	d	77	a	87	d
68	b	78	c	88	b
69	b	79	a	89	d
70	b	80	d	90	b

Question No	Answer	Question No	Answer	Question No	Answer
91	a	101	d	111	d
92	d	102	d	112	a
93	d	103	a	113	a
94	a	104	c	114	c
95	b	105	d	115	d
96	c	106	b	116	a
97	d	107	d	117	a
98	d	108	a	118	b
99	d	109	c	119	b
100	d	110	d	120	d

Question No	Answer	Question No	Answer	Question No	Answer
121	d	130	d	139	c
122	a	131	b	140	b
123	b	132	b	141	c
124	b	133	b	142	b
125	b	134	c	143	d
126	c	135	d	144	d
127	d	136	b	145	b
128	d	137	c	146	d
129	d	138	c	147	d

Question No	Answer	Question No	Answer	Question No	Answer
148	a	157	a	166	c
149	d	158	b	167	c
150	d	159	a	168	d
151	b	160	c	169	d
152	a	161	d	170	d
153	b	162	d	171	d
154	d	163	a	172	a
155	b	164	a	173	a
156	d	165	b	174	a

Question No	Answer	Question No	Answer	Question No	Answer
175	d	184	c	193	a
176	a	185	d	194	a
177	b	186	d	195	d
178	d	187	a	196	c
179	d	188	a	197	d
180	d	189	a	198	b
181	d	190	b	199	c
182	d	191	a	200	b
183	d	192	b	201	d

Question No	Answer	Question No	Answer	Question No	Answer
202	a	208	c	214	d
203	b	209	c	215	c
204	b	210	c	216	b
205	c	211	b	217	b
206	d	212	b	218	b
207	d	213	b	219	d