LIST OF ATTEMPTED QUESTIONS AND ANSWERS

**Multiple Choice Single Answer**

**Question**
Managerial economics refers to the integration of economic theory with business:-

**Correct Answer**
Practices

**Your Answer**
Practices

**Multiple Choice Multiple Answer**

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

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

**Multiple Choice Multiple Answer**

**Question**
Features of an Industry are :-

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

**Multiple Choice Single Answer**

**Question**
The crucial factor in determining the level of income and employment, according to Keynes is :-

**Correct Answer**
Effective demand

**Select The Blank**

**Question**
Like all organism, the firm too is an organism according to the ________.

**Correct Answer**
Life-cycle theory.

**Multiple Choice Multiple Answer**
The term externalities may also be referred as:
Correct Answer: Spill-over effects, Neighborhood effects, Third party effects

True/False
Question: Market price fluctuates very often.
Correct Answer: True

Multiple Choice Single Answer
Question: The demand for a commodity depends on the prices of its substitutes which are:
Correct Answer: Relative

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

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

Select The Blank
Question: Cost-benefit analysis refers to the analysis undertaken to judge any project’s ________ whether government or private and find out its worth.
Correct Answer: Investments
Multiple Choice Single Answer
Question The profit which is surplus of revenue over and above all paid out cost is :-
Correct Answer Accounting Profit

Multiple Choice Multiple Answer
Question The subject matter of Micro economics includes the study of :-
Correct Answer An individual consumer, Particular market for a given commodity, Operation of a firm

Select The Blank
Question According to Prof Clark, a producer in a static society gets only _______.
Correct Answer Normal profit

Multiple Choice Multiple Answer
Question Marginal Propensity to consume is characterized as follows :-
Correct Answer It is defined as the ratio of the change in consumption to the change in income, It is rate of change in the average propensity to consume as income changes, It is derived by the formula mpc = change in c/change in y

Match The Following
Question Correct Answer Your Answer
Inflation Loss to creditors J. M. Keynes
Psychological law of consumption J. M. Keynes
Consumption function Investment function
Marginal efficiency of capital
Investment function
Aggregate supply Minimum expected sales proceeds by entrepreneurs
Loss to creditors

True/False
Griffin goods are superior goods.  
Correct Answer False

A monopolist can decide both price and the quantity of a product that he is going to produce and sell in the market. 
Correct Answer True

J.M. Keynes' economic analysis comes under :-
Correct Answer Macro analysis

In case of a partnership firm, the liability of a partner is limited.
Correct Answer False

Where monopolist is charging a higher price in the home market and a lower price in the international market, it is called Dumping.
Correct Answer Dumping

According J.B.Clark, profit is the reward paid for :-
Correct Answer Dynamism

Pure Profit = Total Revenue – (explicit cost + ________).
Correct Answer Implicit cost

Exceptions to the Law of Demand are :-
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Correct Answer  Griffin goods, Articles of snob appeal, Speculation

**Multiple Choice Multiple Answer**

Question  The effective solution to the problem of internationalizing of externality involves:-

Correct Answer  Government action, Private action providing correctives, Externality taxes

**Select The Blank**

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

Correct Answer  Exclusion

**Multiple Choice Multiple Answer**

Question  Increasing Returns explains :-

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

**True/False**

Question  In a market economy, characterized by Capitalism, there is full interference by the State in the economic activities of consumers and producers.

Correct Answer  False

**Multiple Choice Multiple Answer**

Question  Features of Oligopoly Market are :-

Correct Answer  Few sellers, Restriction on the entry of new firms, Price leadership

**Select The Blank**
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Question Supply is predominantly determined by ________.
Correct Answer Stock

True/False
Question In a market system of economy, there is no harmony between individual interests and interests of the community.
Correct Answer False

Multiple Choice Single Answer
Question The main objective of a co-operative organization is :-
Correct Answer Service

Select The Blank
Question Macro – economics is a ________.
Correct Answer Dynamic science

Multiple Choice Single Answer
Question "Co-operation is a voluntary association of individuals with limited income on the basis of equal rights & responsibilities for achieving certain economic interest common to all". This definition is given by :-
Correct Answer International Labour Organization

Select The Blank
Question The externality which causes an economic gain or an economic loss to other economic units is also referred to as ________ externality.
Correct Answer Pecuniary

Multiple Choice Single Answer
Question Inflation is a phenomena in which prices :-
Correct Answer Rise
Multiple Choice Single Answer
Question When the quantity of variable input increases the output also :-
Correct Answer Increases

True/False
Question Macro economic studies are based on empirical evidence.
Correct Answer True

True/False
Question Demand curve slopes upwards from left to right.
Correct Answer False

Select The Blank
Question Modern economists treat social cost and benefits as ________ of private investment and production decisions.
Correct Answer Externalities

Multiple Choice Single Answer
Question Whether the economy's capacity to produce goods and services is growing from year to year or remaining static is studied under the :-
Correct Answer Theory of economic growth

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

Multiple Choice Single Answer
Question The method of inventory valuation in which, the cost of production is calculated on the assumption that the material which was last to enter the inventory of the company was used first is :-
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Correct Answer  LIFO

Multiple Choice Multiple Answer

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

Multiple Choice Multiple Answer

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

Select The Blank

Question  The taxation & public expenditure policies are called as ________.
Correct Answer  Budgetary Policy

True/False

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