

SHETH NKTT COLLEGE OF COMMERCE AND SHETH JTT COLLEGE OF ARTS, THANE

DEPARTMENT OF ECONOMICS

100 MCQS FOR FYBCOM SEMESTER-I (2020-21)

SUBJECT/PAPER : BUSINESS ECONOMICS-I

PREPARED BY DR DHANASHREE SAWANT

(NOTE : The questions given here are likely questions, there may be few changes in them)

MODULE-I : INTRODUCTION.

1. Economics is a science which deals with.....
 - a. matters and substance
 - b. chemicals and reactions
 - c. human wants and resources
 - d. numbers and combinations
2. Microeconomics deals with the study ofeconomic entities.
 - a. Aggregate
 - b. Individual
 - c. Macro
 - d. Socio
3. Opportunity costs aremeasured in monetary terms.
 - a. Always
 - b. Can be
 - c. Not
 - d. Never
4. As per law of demand, demand and price of a good arerelated.
 - a. Directly
 - b. Inversely
 - c. Positively
 - d. Not
5. Law of supply states that supply and price of a good arerelated.
 - a. Positively
 - b. Negatively
 - c. Inversely
 - d. Not
6. Shift and movement in demand are
 - a. Different
 - b. Same
 - c. Equal
 - d. Complementary
7. Movement in supply is caused by changes in.....
 - a. Non-price factors
 - b. price of good alone

- c. technology
 - d. population
8. Shift in demand is caused by changes in the.....
- a. non-price factors
 - b. price of a good alone
 - c. cost of production
 - d. raw material prices
9. An exogeneous variable existsthe economic model.
- a. Within
 - b. Outside
 - c. Inside
 - d. In none of
10. express functional relationship between two or more variables.
- a. Functions
 - b. Combinations
 - c. Programs
 - d. Limits
11. Slope of straight line isat all points.
- a. Different
 - b. Rising
 - c. Falling
 - d. Same
12. According to the law of demand, price and demand for a good are _____
- a. Positively related
 - b. Directly related
 - c. Negatively related
 - d. Unrelated
13. Movement in demand for a good occurs due to _____
- a. Price of the good
 - b. Changes in population
 - c. Non-price factors of the good
 - d. Changes in technology
14. As per Law of supply, the supply and price of a good are _____
- a. Inversely related
 - b. Negatively related
 - c. directly related
 - d. Not related
15. Market demand curve is the sum of _____
- a. Individual demand curves
 - b. Demand for all goods
 - c. Individual supply curves
 - d. Supply of all goods
16. Market supply curve is the sum of _____

- a. Individual demand curves
 - b. Demand for all goods
 - c. Individual supply curves
 - d. Supply of all goods
17. The terms 'Expansion' and 'Contraction' in demand are used to understand _____
- a. Shift in demand
 - b. Movement in demand
 - c. Movement in supply
 - d. Shift in supply
18. The equilibrium price of X-good is derived by the intersection of _____
- a Demand and supply of Y-good
 - b Average revenue and marginal revenue
 - c Demand and supply of X-good
 - d Average cost and marginal cost
19. When total revenue rises at an increasing rate, marginal revenue
- a. Falls
 - b. Rises
 - c. Becomes zero
 - d. Remains constant
20. Slope of the line is equal to
- a. Change in Y-axis divided by change in X-axis
 - b. Change in demand due to change in supply
 - c. Change in demand due to change in price
 - d. None of these
21. Marginal cost and incremental cost are
- a. Same
 - b. Equal
 - c. Substitutable
 - d. different
22. When TR is rising, MR is
- a. Falling
 - b. Rising
 - c. Constant
 - d. Negative
23. When Total Revenue is falling, MR is
- a. Falling
 - b. Rising
 - c. Constant
 - d. Negative
24. Graph is atool used to show the relationship between the variables.
- a. Physical
 - b. Economic
 - c. Social

- d. Geometrical
25.shows the rate at which a variable change.
- a. Slope
 - b. Equation
 - c. Function
 - d. Data

MODULE-II : DEMAND ANALYSIS

1. A demand curve has aslope.
 - a. Upward
 - b. Positive
 - c. Negative
 - d. Concave
2. Normal goods have income elasticity of demand.
 - a. Positive
 - b. Negative
 - c. Zero
 - d. Low
3. Inferior goods haveincome elasticity of demand.
 - a. Positive
 - b. Negative
 - c. Zero
 - d. High
4. When the price elasticity of demand isit means demand is perfectly elastic.
 - a. Zero
 - b. Infinite
 - c. One
 - d. Less than one
5. When the price elasticity of demand is greater than unity; it implies that the demand is.....
 - a. Perfectly elastic
 - b. perfectly inelastic
 - c. relatively elastic
 - d. relatively inelastic
6. Income elasticity is negative forgoods.
 - a. Superior
 - b. Inferior
 - c. Normal
 - d. Foreign
7. Cross elasticity of demand is positive forgoods.
 - a. Substitutable
 - b. Complementary

- c. Unrelated
 - d. Inferior
8. Cross elasticity of demand isfor complementary goods.
 - a. Positive
 - b. Negative
 - c. Zero
 - d. Greater than one
 9. Small firmsdemand forecasting techniques.
 - a. do not use
 - b. make use of
 - c. never use
 - d. use few
 10.demand forecasting considers future changes.
 - a. Active
 - b. Passive
 - c. Large
 - d. Small
 11. Delphi method is variant of method of demand forecasting.
 - a. expert opinion
 - b. survey
 - c. statistical
 - d. end-use
 12. Regression method is a kind of method.
 - a. End-use
 - b. Expert opinion
 - c. Statistical
 - d. Sample survey
 13. In the demand function $QD_x = f\{P_x, P_y, Y, E, \dots, N, T\}$, P_y implies
 - a. Price of the good for which demand for good is analyzed
 - b. Price of other goods
 - c. Price of substitutable good only
 - d. Price of complementary good only
 14. The demand for a good is not determined by
 - a. Demand for another good
 - b. Income of the consumer
 - c. Speculation
 - d. Government's policy
 15. The AR or demand curve under Perfect Competition is
 - a. Perfectly inelastic
 - b. Unit elastic
 - c. Perfectly elastic
 - d. Relatively elastic
 16. The demand curve under Monopoly is
 - a. Relatively inelastic
 - b. Unit elastic

- c. Perfectly elastic
d. Relatively elastic
17. When the degree of price elasticity of demand is zero, the demand for good is.....
a. Unit elastic
b. Relatively elastic
c. Perfectly elastic
d. Perfectly inelastic
18. When the degree of price elasticity of demand is greater than one, the demand for a product is
a. Unit elastic
b. Relatively elastic
c. Perfectly elastic
d. Perfectly inelastic
19. The demand for necessities is
a. Unit elastic
b. Relatively elastic
c. Perfectly elastic
d. Perfectly inelastic
20. The income elasticity is positive for
a. Normal good
b. Giffen good
c. Inferior good
d. None of these
21. The cross elasticity of demand for substitutable goods is
a. Positive
b. Negative
c. Zero
d. Equal to one
22. When the demand for a good is relatively elastic, the fall in price leads to
a. **Increase in total revenue**
b. Fall in total revenue
c. No effect on total revenue
d. None of these
23. When the demand for a good is relatively inelastic, the rise in price leads to
a. **Increase in total revenue**
b. Fall in total revenue
c. No effect on total revenue
d. None of these
12. The demand forecasting is more useful in
a. **Inventory Planning**
b. Budgetary process
c. Monetary policy
d. Five-year planning
24. Demand forecasting is called passive, when the investigator is
a. **Less active**
b. Enthusiastic

- c. More interested
 - d. None of these
25. Which of the following is not among the steps of demand forecasting?
- a. Determinants of demand
 - b. Identifying relevant data
 - c. Cost analysis**
 - d. Choice of method
26. Experts' Opinion method requires data
- a. More statistical
 - b. Less statistical
 - c. No statistical
 - d. None of these
27. Which of the following is not the demerit of Delphi method?
- a. This method is tedious and involves high costs
 - b. the method can prove to be faulty.
 - c. This method cannot give accurate idea about market behavior.
 - d. This method generates non-structured opinion**
28. Sample survey method is a sub type of
- a. Statistical method
 - b. Expert Opinion method
 - c. Consumer survey method**
 - d. Delphi method
29. Simulated Market Experimentation method of demand forecasting is also called as..... method
- a. Mechanical
 - b. Clinic**
 - c. End-use
 - d. Productive
30. Trend Analysis is a method which is based onfor fitting a trend of the variables
- a. time series data**
 - b. fashion analysis
 - c. population growth
 - d. national income
31. Regression analysis is a type of method of demand forecasting.
- a. Consumer survey
 - b. Expert opinion
 - c. Delphi
 - d. Statistical**
32. Which of the following steps is not used in regression analysis?
- a. Identification of variables.
 - b. Collection of historical data.
 - c. Choice of demand function
 - d. Inventory management**

MODULE-III : SUPPLY AND PRODUCTION DECISIONS

1. Short-run production function shows the functional relation betweenfor a short period.

- a. Cost and revenue
 - b. Materials and matters
 - c. Inputs and output
 - d. Functions and equations
2. In theall factors or inputs become variable and no input is fixed.
 - a. Short run
 - b. long-run
 - c. law of variable proportions
 - d. law of diminishing marginal returns
 3. The law of variable proportions is also called as.....
 - a. Law of diminishing marginal returns
 - b. Law of increasing marginal returns
 - c. Law of returns
 - d. Law of proportionate returns
 4. The law of variable proportions depends on the assumption
 - a. Heterogeneity of factor
 - b. Homogeneity of factor
 - c. Changing technology
 - d. Varied types of goods
 5. In phase of the laws of returns to scale, TP rises at an increasing rate, also MP and AP are rising.
 - a. Increasing
 - b. Decreasing
 - c. Constant
 - d. Returning
 6. Inphase of the laws of returns to scale, TP rises as decreasing rate because MP starts diminishing, but AP rises.
 - a. Increasing returns
 - b. Decreasing returns
 - c. Constant returns
 - d. Returning
 7. In this phase of the laws of returns to scale, TP and MP are falling. MP is negative
 - a. Increasing returns
 - b. Decreasing returns
 - c. Constant returns
 - d. Negative returns
 8. Iso-quant measures the
 - a. Marginal Rate of Technical Substitution between labour and capital
 - b. Marginal Rate of Substitution between two goods
 - c. Marginal utility of money
 - d. Marginal Efficiency of capital
 9. Iso-quant is always Sloping
 - a. Downward

- b. Upward
 - c. Concave
 - d. Positive
10. Two iso-quants intersect each other
- a. Can
 - b. Always
 - c. Do not
 - d. May
11. Iso-quants are to each other.
- a. Opposite
 - b. Not parallel
 - c. Parallel
 - d. Tangent
12. Iso-quant is oval shaped, so the slope of Iso-quant is at its extreme points.
- a. Positive
 - b. Negative
 - c. Constant
 - d. Diminishing
13. Marginal rate of Technical Substitution is theof an IQ
- a. Slope
 - b. Function
 - c. Curve
 - d. Price
14.are the lines derived by joining the points on the isoquants where marginal product of factors is zero.
- a. Iso cost lines
 - b. Price lines
 - c. Ridge line
 - d. Bridge line
15.is defined as the locus or joining of the points of tangency between the isoquants and the iso cost lines.
- a. Expansion path
 - b. Ridge line
 - c. Iso cost line
 - d. Price line
16. Economies of scale are the cost.....
- a. Disadvantages
 - b. Structure
 - c. Analysis
 - d. Advantages
17.are the cost advantages enjoyed by the firm which expands its production.
- a. Internal economies
 - b. External economies

- c. Internal differences
 - d. Monopoly and power
18.is called the optimal combination of factor inputs or producer's equilibrium
- a. Least-cost Factor Combination
 - b. List of cost and factors
 - c. Linear cost function
 - d. Law of variable proportions
19.IQ assumes zero substitutability of factors of production.
- a. Left sided
 - b. Right angled
 - c. Downward
 - d. Concave
20. isoquant assumes limited substitutability of capital and labor.
- a. Kinked isoquant
 - b. Right angled
 - c. Downward
 - d. Convex
21. Economies of scope refers to the lowering of the cost of production of a multi-product firm.
22. Technical economies are the examples of economies of scale.
- a. Production
 - b. Managerial
 - c. By-product
 - d. Inventory
23. Development of transportation and marketing facilities are economies.
- a. External
 - b. Internal
 - c. Micro
 - d. Firm's
24. According to IQ analysis, the firm maximizes its profit, when the.....is equal to the price ratio of labor and capital.
- a. MRTS of labour and capital
 - b. MRS of land and labour
 - c. MRTS of all costs
 - d. MRS of two goods
25.shows all the possible combinations of labor and capital that can produce different levels of production
- a. Demand schedule
 - b. Supply schedule
 - c. Iso-quant map
 - d. Ridge line

MODULE-IV : COST OF PRODUCTION

1. Cost is the cost of the resources owned by the firm itself, it is incurred but not paid.
 - a. Implicit
 - b. Explicit
 - c. Recurring
 - d. Variable
2.Cost incurred on factor inputs for the production and paid to the factors of production.
 - a. Explicit
 - b. Implicit
 - c. Social
 - d. Historical
3. is imputed cost or opportunity cost of resources owned by entrepreneur himself
 - a. Implicit
 - b. Explicit
 - c. Replacement
 - d. Social
4.is the cost which is actually incurred plus the cost of resources which are owned by the firm itself
 - a. Economic
 - b. Accounting
 - c. Historical
 - d. replacement
5.is the actual expenditure of the firm which is incurred and paid
 - a. Accounting cost
 - b. Variable cost
 - c. Fixed cost
 - d. Social cost
6. It is the cost incurred by the society without engaging in actual production
 - a. private cost
 - b. Social cost
 - c. Replacement cost
 - d. Sunk cost
7. It is the cost which is incurred by the firm which is engaged in the production.
 - a. private cost
 - b. Social cost
 - c. Replacement cost
 - d. Sunk cost
8. Negative externalities, like pollution are the examples of
 - a. Social cost
 - b. Private cost
 - c. Multiple cost
 - d. Replacement cost
9.includes both explicit and implicit costs.

- a. Private cost
 - b. Social cost
 - c. Original cost
 - d. New cost
10.is the cost of an asset at the time of its creation
- a. Replacement
 - b. Social
 - c. Historical Cost
 - d. Private
11. cannot be recovered
- a. private cost
 - b. Social cost
 - c. Replacement cost
 - d. Sunk cost
12. is the additional cost
- a. Private cost
 - b. Social cost
 - c. Original cost
 - d. Incremental cost
13. are the examples of fixed costs
- a. Rent and interest
 - b. Wages and salaries
 - c. Raw material cost
 - d. Profit and perks
14. is the example of variable cost.
- a. Rent
 - b. Interest
 - c. Wages
 - d. Land charges
15. consist of both fixed and variable costs
- a. Short-run costs
 - b. Long-run costs
 - c. Rent on inputs
 - d. Interest on loans
16. In the long run, all costs are
- a. Constant
 - b. Fixed
 - c. Variable
 - d. Same
17. When marginal cost starts rising average cost is
- a. Falling
 - b. Rising
 - c. Constant
 - d. Negative
18. SAC curve is Shaped
- a. L shaped

- b. U shaped
 - c. V shaped
 - d. W shaped
19. Short-run Average Cost curve rises due to
- a. Economies of scale
 - b. Cost advantages
 - c. Diseconomies of scale
 - d. Fall in prices
20. Long-run Average Cost curve is also called as.....
- a. Envelope curve
 - b. Expansion curve
 - c. Diminishing curve
 - d. Utility curve
21. In the long-run, all costs are
- a. Fixed costs
 - b. Variable costs
 - c. Rising
 - d. Falling
22. In the short-run, when the marginal cost is falling, average cost lies it
- a. Above
 - b. Below
 - c. Behind
 - d. None of these
23. In the short-run average fixed cost is
- a. Rectangular hyperbola
 - b. L-shaped
 - c. U-shaped
 - d. V-shaped
24. When SAC and SMC are SMC lies above SAC curve.
- a. Equal
 - b. Rising
 - c. Falling
 - d. Different
25. LAC curve is also called as..... curve
- a. V-shaped
 - b. Learning
 - c. Ridge
 - d. Expansion