TELANGANA UNIVERSITY
S.S.R. DEGREE COLLEGE, NIZAMABAD (C.C:5029)
V SEMESTER INTERNAL ASSESSMENT I EXAMINATIONS
BUSINESS ECONOMICS QUESTION BANK

Choose the correct Answers.

1. The statements that contain the word 'ought to' are called [b]
a. Prescriptive b. Normative c. Assertive d. Negative

2. Managerial economics is close to [a]
a. Micro economics b. Macro economics
c. Theory of income and Employment d. Theory of wages and Employment

3. Integration of economic theory with business practice is called [a]
a. Managerial economics b. Economics c. Macro economics d. Micro economics

4. "Economics is the study of scarce resources and unlimited wants" who said this [b]
a. Paul A. Samuelson b. Prof. Lionel Robbins c. Adam Smith d. Alfred Marshal

5. Which of the following cannot be verified by looking at the facts? [c]
a. Positive statement b. Prescriptive actions c. Normative statement d. Welfare statement

6. Which of the following is not covered by Managerial Economics? [d]
a. Price-output decision b. Profit related decision
c. Investment decision d. Foreign direct investment (FDI) decision

7. Economic goods are scarce resources because they [a]
a. Are limited in supply to satisfy society requirements b. Are limited to man made goods
c. Cannot be increased in terms of supply d. Are important to satisfy human needs

8. Other things remaining the same, which of the following is correct? [b]
a. Marginal utility derived on the consumption of every additional unit goes on increasing
b. Marginal utility derived on the consumption o every additional unit goes on diminishing
c. Marginal utility derived on the consumption of every additional unit goes on changing either upwards or downwards
d. Marginal utility derived on the consumption of every additional unit never changes

9. What is the position of budget line with respect to indifference curve? [c]
a. Below b. Above c. Tangential d. Intersecting

10. Consumption of additional apples after reaching the saturation point leads to [c]
a. Fall in total utility and increase in marginal utility
b. Increase in total utility and marginal utility
c. Fall in total utility leading marginal utility to become negative
d. Total utility to become negative and marginal utility tending to fall

11. In short run, firms can adjust their production by changing their [b]
a. Fixed factors b. Variable factors c. Semi-fixed factors d. Both a & b

12. Which of the following pairs of goods is an example of substitutes? [b]
a. Tea and sugar b. Tea and coffee c. Shirt and pant d. Car and petrol

13. A contraction is the upward movement along a demand curve, indicating that lower quantity demanded for a given change in the price of the good. What is this change? [b]
a. Decrease b. Increase c. Infinite change d. negligible change

14. In case of Giffen's goods, the demand curve [b]
a. Slopes downwards b. Slopes upwards c. Intersects supply curve d. Meets cost curve

15. _________ is a tabular representation of relationship between the amount demanded of a commodity and different price levels of that commodity [a]
a. Demand schedule b. Law of demand c. Market demand function d. Individual demand function

16. The demand curve slopes downwards due to [d]
a. Law of diminishing marginal utility b. Income effect
c. Substitution effect d. All the above

17. _________ refers to the changes in the quantity demanded of a commodity with respect to the changes in the prices of the related goods [b]
a. Price demand b. Cross demand c. Income demand d. Market demand

18. _________ is the ratio of proportionate change in the quantity demanded of a commodity to proportionate change in its price [b]

19. A commodity is said to have ___________ demand when even a large change in the price of commodity cause no change in the quantity demanded [c]

a. Perfectly elastic b. Relatively elastic c. Perfectly inelastic d. Unitary elastic

20. Price elasticity of demand is measured with the help of _____________ [d]

a. Percentage method b. Graphical method c. Slope/mathematical method d. All the above

Fill in the blanks

1. Managerial economics is the application of economic theory and quantitative methods
2. “Micro Economics” and “Macro Economics” were coined by Prof. Rangar Frisch
3. Macro Economics deals with economic affairs in the large
4. Economists make a wide use of the Incremental principle
5. The Law of diminishing marginal utility lies at the centre of the cardinal approach
6. The term “Utility” refers to the capacity of a commodity to satisfy a human want
7. Ordinal measurement implies comparison and ranking without quantification of the magnitude
8. The idea of equi-marginal principle was first mentioned by H.Gossen
9. An Indifference curve is the locus of points representing all the different combinations of two goods
10. Micro Economics is also known as Price Theory
11. Demand means the various quantities of goods that would be purchased per time period at different
12. The Demand function for a commodity brings out the relationship between the factors influencing its demand and the quantity demanded
13. The Demand schedule represents a functional relationship between price and quantity demanded
14. The Individual demand schedule shows the various quantities of commodities purchased by a person or by a family or by a household at a different
15. Market demand schedule shows the total quantity of a commodity purchased by all the people in the market at different prices
16. Elasticity of demand measures the responsiveness of demand to changes in price
17. The Total expenditure of the consumers is the total revenue or income of the sellers (firms)
18. In the case of Durable goods the demand generally tends to be inelastic in the short run
19. In the short period, demand in general will be less Elastic
20. The changes in quantity of demand is Less then to changes in income is called less then ‘1’