BBA I year Semester-I
Subject <u>BUSINESS ECONOMICS</u>
Internal Exam-2 Question Bank

1.The third stage of law of variable proportions is called as (b)
a. stage of decreasing returns b. stage of negative returns
c. stage of increasing returns d. stage of positive returns

2. The meaning of the term ISOQUANT is (a)
a. Equal quantity b. Unequal quantity c. Higher quantity d. Lower quantity

3. Which of the following option does not come under the type of isoquants (b)
a. Linear isoquant b. variable input proportion isoquant c. Fixed input proportion isoquant
d. kinked isoquant
4. Which of the following indicates the marginal product of a variable input (c)
a. Total product x No. of units produced b. Additional output from each input
c. The additional output resulting from one unit increase in the variable input
d. The ratio of the amount of the variable input and fixed input

5. What do increasing return imply ? (c)
a. increasing marginal product curve b. increasing average product curve
c. decreasing marginal product curve d. constant total product curve

6. The long run, as Economics describe, means (a)
a. When all the factors of production are variable and firms are free to leave or enter the industry
b. a period where tha law of diminishing returns holds good c. a period where there no variable costs
d. all inputs are fixed in supply

7. Which of the following is not correct (c)
a. when the total product is rising, average and marginal product may either rising or falling
b. when marginal product is negative, total product and average product are falling
c. when marginal product is at maximum, average product is more than marginal product and total product falling
d. when average product is at maximum, marginal product equals average product and toal product is rising

8. The difference between the long run and short run is that (c)
a. In the short run all the inputs are fixed whereas in the long run all the inputs are variable
b. In short run, the firm can change all of its inputs and in the long run, it cannot change the same
c. In short run, at least one of the firm’s input levels is fixed whereas in the long run every input is variable
d. In long run, the firm is forced to used its fixed assets efficiently

9. Production function is defined as (c)
a. The relationship between the market price and the quantity exported b. the relationship between the firm's total revenue and total costs. c. the relationship between the quantities of inputs needed to produce a given volume of output at a given level of tehnology
d. The relationship between the quantity of inputs and the firm's variable cost of production

10. The isocosts and isquants are used to determine the input usage that (d)
a.maximises the the cost of production b. minimizes the cost of production
c. extends the cost of production c. eliminates the cost of production

11. The producer has to manufacture product at (b)
a. Higher cost to attain profits b. lower cost to attain profits c. neutral costs to attain profits
d. marginally higher costs to attain the profits

12. Implicit or imputed costs are also known as (c)
a. future costs b. controllable costs c. book costs d. joint costs

13. The costs that are to be paid currently if the asset were to be replaced are called (c)
a. historical costs b. past costs c. replacement costs d. explicit cots

14. The cost that have originally incurred to acquire the asset are called (a)
a. historical costs b. past costs c. replacement costs d. explicit cots

15. Historical costs are also called (d)
a. future costs b. joint costs c. common costs d. economic costs

16. Joint costs are also called as (c)a.
a. future costs b. joint costs c. common costs d. economic costs

17. Which of the following is ascertain for a change in the level of activity (b)
a. marginal cost b. incremental cost c. controllable cost d. opportunity costs

18. Costs that involve cash outflows at sometime and hence they are recorded in the books are called (d)
a. opportunity costs b. incremental costs c. sunk costs d. outlay costs

19. Fixed cost per unit changes with (d)
a. volume of sales b. profit c. production d. volume of production

20. Which of the following varies with the volume of production (b)
a. fixed costs b. variable costs c. semi fixed costs d. semi variable costs

Fill in the blanks

1. _________ transformation of inputs into output can be any of the three form change in for change pahse and change in time **(production)**
2. ______ is a human input into production **(labour)**
3. ______ Production function is most popular in empirical reseach **(Cobb-Douglas)**

4. _______ Combination refers to the combination of factors with which a firm can produce a specific quantity of output at the lowest possible cost **(optimum factor)**
5. An ____ line indicates all possible combinations of two inputs which can be purchased with given amount of investment fund **(Iso cost)**
6. _______ is defined as change in the total product(TP) per unit change in a variable inputs **(Marginal product)**
7. _____ is the amount of output that is produced by using different quantities of inputs **(Total product)**
8. Law of variable proportion is also known as _____________ **(Law of Diminishing Returns to scale)**
9. ______ refers to the changes in output as all factors change by the same proportion **(Returns to scale)**
10. isoquant curve is also known as ____________ **(iso product curve)**
11. The Budget Line is also called as Budgent ___________ **(constraint)**
12. _____ refers to the expenditure of funds or use of property to acquire or produce a product or service **(cost)**
13.The economies of scope, has a close relationship with the _________ **(economies of scale)**
14. _______ costs are those do not alter by varying the nature or level of business actitivity **(sunk)**
15. _______ costs are a part of opportunity costs **(implicit)**
16. ______ costs are related to the future **(economic)**
17. _____ refers to the money value of the total resources/inputs required for the production of goods and services by the firm **(Total cost)**
18. AFC stands for _______ **(Average Fixed Cost)**
19. ________ are the advantages that arise due to large scale production **(Economies of scale)**
20. __________ is defined as the cost or expenditure which a firm incurs for producing or acquiring of good or Service **(Actual cost)**