BCOM III year Semester-V
Subject <u>BUSINESS ECONOMICS</u>
Internal Exam-2 Question Bank

1.With which of the following is the production function more concerned ( )
a.Financial aspects b. Technological aspects c. Physical aspects d. Economic aspects

2.In the production function, at given time, the output from a given set of inputs is ( )
a.Always fixed b. Always variable c. semi-fixed d.semi variable

3.Which of the following is defined at a given stage of technical knowledge ( )
a. Theory of production b. production function c. Law of diminishing returns d. law of constant returns

4.The production function is also known as ( )
a.Output-cost relationship b. Input-cost relationship c. input-output relationship d. Output-input relationship

5.The law of returns is also called as ( )
a.Law of fixed proportions b. Law of variable proportions c. Law of constant returns d.Law of increasing returns

6. The Law of Returns states that when at least one factor of production is fixed and when other varied, The total output in the initial stages will _____ at an increasing rate, and after reaching certain level Of poutput, the total output will ___________at declining rate ( )
a. Increase, decrease b. Decrease, increase c. Decrease, decrease d. Increase, increase

7.Isoquants are also called _________________ ( )
a.Iso product curves b. Iso cost curves c.Price indifference curve d. Indifference curve

8. Which of the following represents all such combinations that yield equal quantity of output ( )
a.Iso price curve b. Iso cost curve c.Price indifference curve d. Indifference curve

9. Which of the following represent the combination of inputs that will cost the producer the same Amount of money ? ( )
a. Isoquants b. Iso products c. Iso costs d. Iso prices

10. If the level of production changes, the total cost changes and thus the iso cost curve ( )
a. moves downwards b. moves updwards c. moves in a linear fashon d. moves in a haphazard manner

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

12. 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

13. Which of the following varies with the volume of production (b)

a. marginal b. incremental c. controllable d. opportunity

14. Costs that involve cash outflows at sometimes and hence they are recorded in the books of account are called (d)

a. opportunity costs b. incremental costs c. sunk costs d. outlay costs

15. The costs that must be considered for decision making are called (b)

a. outlay costs b. opportunity costs c. incremental costs d. controllable costs

16. Explicit costs are called (b)

a. in house costs b. non cash costs c. in pocket costs d. out of packet costs

17. Which of the following does not involve the payment of cash as they are not actually incurred ? (b)

a. explicit costs b. implicit costs c. book costs d. incremental costs

18. Implicit or imputed costs are also called (c)

a. future costs b. controllable costs c. book costs d. joint costs

19. Which of the following is a technique for profit planning and control (a)

a. breakeven anlaysis b. break even point c. cost unit d. diminishing

20. Which of the following is not synonym for ‘no profit or no loss point (d)

a. Break even point b. break even analysis c. CVP analysis d. marginal costing

21. Which of the following term explains the change in the cost and volume and its impact on profit (c)

a. break even point b. break even analysis c. cost volume profit analysis d. standard costing

22. A firm is said to be attain the BEP where (d)

a. TR > TC b. TR X TC c. TR < TC d. TR = TC

Fill in the blanks

1. Production function reveals ___________ relationship that reveals the maximum amount of output Possible from set of inputs **(Technological)**
2. The quantities of output throughout a given _______ are equal **(iso product or iso quant)**
3. The product indifference curve is also called as _________ **(iso product of isoquants)**
4. The fact that the isoproduct curve is convex to the origin reveals that the input factor are not _______ **(perfect substitutes)**
5. L-shaped isocosts denotes _____ coefficients of production **(Fixed)**
6. The rate at which one input factor is substituted with the other to attain a given level of output is Called _____________ **(Marginal Rate of technical substitution)**
7. Returns to scale are also called ____________ **(factor productivities)**
8. The ratio of input to output is called _____________ **(productivity)**

9. The additional output for a given addition unit of input is called ________**(marginal output)**
10. The economies that accrue to all the firms in an industrial estate are called ____ **(external economies)**
11.The relationship between the variable cost and volume of production is _____ **(directly proportional)**
12. The cost of the best alternative foregone is called __________ **(opportunity cost)**
13. Telephone bill is an example __________**(sem-fixed or semi-variable cost)**
14. Addition to costs as a result of change in the level of business activity is called ______ **(incremental costs)**
15. The expenses that do not have cash outflow are called __________ **(book costs)**
16. The salary of a manager is an example of __________**(out of pocket costs)**
17. Timing of cash flows are determined in ______ costs **(Economic costs)**
18. When variable costs decreased, the BEP __________ **(Decreases)**
19. When selling price per unit decreases, the BEP ____ **(Increases)**
20. Break even point is also called as __________ **(No profit, no loss point)**