

**S.S.R. DEGREE COLLEGE, (AUTONOMOUS)**  
**NIZAMABAD (C.C:5029)**  
**I SEMESTER INTERNAL ASSESSMENT I EXAMINATIONS**  
**BUSINESS ECONOMICS**

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**I. Fill in the blanks**

1. Who is the father of Economics? ( b )  
a) Alfred Marshall                      b) Adam Smith  
c) Lionel Robbins                      d) Samuelson
2. Economics is a \_\_\_\_\_. ( d )  
a) Positive science                      b) Normative science  
c) None                      d) Both
3. The relationship between price and demand is \_\_\_\_\_. ( c )  
a) Direct                      b) Positive                      c) Negative                      d) None of these
4. Law of demand shows \_\_\_\_\_ relationship between price and quantity demanded. ( b )  
a) Positive                      b) Negative                      c) Direct                      d) None of the above
5. Consumer surplus is \_\_\_\_\_. ( a )  
a) Potential price - actual price                      b)  $MV_n = TV_n - TV_{n-1}$   
c) Demand = supply                      d) None
6. Relatively elastic demand is \_\_\_\_\_. ( c )  
a)  $e_p = 0$                       b)  $e_p > 1$                       c)  $e_p < 1$                       d)  $e_p = 1$
7. If demand is perfectly inelastic then  $e$  is \_\_\_\_\_. ( d )  
a)  $E_\infty$                       b)  $e < 1$                       c)  $e > 1$                       d)  $e = 0$
8. Indifference curve approach was given by \_\_\_\_\_. ( c )  
a) Alfred Marshall                      b) Adam Smith  
c) Hicks and R.G.D. Allen                      d) J.M. Keynes
9. Production refers to \_\_\_\_\_. ( b )  
a) Destruction of utility                      b) Creation of utility  
c) Exchange value                      d) None of the above
10. The long run average cost curve is also called as \_\_\_\_\_. ( b )  
a) Budget line                      b) Planning curve  
c) Indifference curve                      d) None of the above
11. The main characteristic of monopoly market structure is \_\_\_\_\_. ( b )  
a) Single buyer                      b) Single seller  
c) Many sellers                      d) Many buyers
12. \_\_\_\_\_ is absence of competition. ( b )  
a) Monopolistic                      b) Monopoly  
c) Oligopoly                      d) Duopoly
13. The average income of the people of a country in a particular year is \_\_\_\_\_. ( b )  
a) Net national product                      b) National income  
c) Per capita income                      d) Personal income
14. \_\_\_\_\_ is the total value of all final goods and services produced by the country in certain year. ( a )  
a) National Income                      b) Personal income  
c) Corporate income                      d) Foreign income
15. Relationship between price and supply is \_\_\_\_\_. ( a )  
a) Positive                      b) Negative  
c) Direct                      d) None of the above

16. Perfectly elastic demand curve is a \_\_\_\_\_ curve. ( c )  
 a) U shaped                      b) L shaped      c) Horizontal                      d) Vertical
17. If demand is perfectly elastic then  $e$  is \_\_\_\_\_. ( a )  
 a)  $E \infty$                       b)  $e < 1$                       c)  $e > 1$                       d)  $e = 0$
18. Relatively inelastic demand is \_\_\_\_\_. ( b )  
 a)  $e_p = 0$                       b)  $e_p > 1$                       c)  $e_p < 1$                       d)  $e_p = 1$
19. Unitary inelastic demand is \_\_\_\_\_. ( d )  
 a)  $e_p = 0$                       b)  $e_p > 1$                       c)  $e_p < 1$                       d)  $e_p = 1$
20. The kinked demand curve explains ( a )  
 a) Price rigidity                      b) Price flexibility  
 c) Demand rigidity                      d) Demand flexibility
21. Macroeconomics is the theory of \_\_\_\_\_. ( b )  
 a) Income and employment                      b) Price Theory  
 c) Demand Theory                      d) Cost Theory
22. The price elasticity of demand measures \_\_\_\_\_. ( c )  
 a) The slope of a budget curve.  
 b) How often the price of a good changes.  
 c) The responsiveness of the quantity demanded to changes in price.  
 d) How sensitive the quantity demanded is to changes in demand
23. Firms in perfect competition face a \_\_\_\_\_. ( a )  
 a) Perfectly elastic demand curve                      b) Perfectly inelastic demand curve  
 c) Perfectly elastic supply curve                      d) Perfectly inelastic supply curve
24. Few sellers is the feature of ( b )  
 a) Monopoly                      b) Oligopoly  
 c) Perfect competition                      d) Monopolistic competition
25. Market which has two firms is known as ( c )  
 a) Oligopoly                      b) Monopoly  
 c) Duopoly                      d) Perfect competition
26. \_\_\_\_\_ represents the tabular form of quantity demanded of a particular product during a given period of time. ( c )  
 a) Law of demand                      b) Demand Curve  
 c) Demand schedule                      d) Cross demand
27. Extension and contraction of demand for a good occurs as a result of ( b )  
 a) Change in the quality of good                      b) Change in the price of a good  
 c) Availability of cheaper substitutes                      d) Increases in Income (B)
28. An exceptional demand curve is one that moves ( a )  
 a) Upward to the right                      b) Downward to the right  
 c) Horizontally                      d) Upward to the left. (A)
29. In the case of a Giffen good, a fall in its price tends to ( c )  
 a) Demand remain constant                      b) Demand increases  
 c) Reduce the demand                      d) Abnormal change in demand. (C)
30. What would be the value of elasticity of demand, if the demand for the good is perfectly inelastic? ( a )  
 a) 0                      b) 1                      c) Infinity                      d) Less than Zero (A)

## II. Fill in the blanks

1. The demand for necessities is usually Highly inelastic.
2. The responsiveness of demand to the change in income is known as Income elasticity of demand.
3. Which is not a statistical method in forecasting Consumer survey.
4. The law which studies the direct relationship between price and quantity supplied of a commodity is Law of supply.
5. When price rises, quantity supplied Expands.
6. In case of perfectly inelastic supply the supply curve will be Vertical.
7. When a percentage in price results in equal change in quantity supplied, it is called Unitary elastic supply.
8. When supply of a commodity decreases on a fall in its price, it is called Contraction of supply.
9. Which utility approach suggests that utility can be measured and quantified Cardinal.
10. Marginal utility of a commodity is the additional utility derived by a consumer, by consuming one more unit of that commodity.
11. At what point does total utility starts diminishing when marginal utility is negative.
12. Consumer's surplus is also known as Buyer's surplus.
13. Which shows various combinations of two products that give same amount of satisfaction Indifference curve.
14. Indifference curve slopes Downward to the right.
15. The process of capital formation includes Capital of savings Mobilization of savings Investment of savings.
16. Internal economies is related to Marketing economies, Financial economies, Labour economies.
17. When the output produced is maximum for the given level of input the firms achieve Technical efficiency.
18. The shape of TFC curve is Horizontal line.
19. The point where TR curve cuts TC curve is called Breakeven point.
20. In perfect competition a firm increases profit when AR exceeds AC.
21. The discriminating monopoly can be categorized as Personal, Place, Use.
22. Micro economics deals with the behavior of individual decision making units such as consumers, resource owners and so on.
23. A Firm's profitability depends much on its Cost of production.
24. Low price of a good generally keeps its price elasticity of demand as Low.
25. In the case of inferior goods, the income elasticity of demand is Negative.
26. When as a result of increase in price of goods, total expenditure made on goods falls, price elasticity of demand is Greater than unity.
27. Market Equilibrium occurs where demand and supply are equal.

## III. Short Answers.

1. Define Business Economics ? its characteristics ?
2. Explain the scope of business Economics?
3. Explain the factors of influencing the demand ?
4. Define law of demand ? why demand curve slope downwards reasons?
5. What is mean by price elasticity demand write its types?