

BACHELOR OF ACCOUNTING AND FINANCE / BACHELOR OF MANAGEMENT
STUDIES

FYBAF / FYBMS

SEMESTER I

BUSINESS ECONOMICS I

SAMPLE QUESTIONS

- 1) _____ Method is also known as Sales-Force – Composite method or collective opinion method
 - a) Opinion survey
 - b) Expert opinion
 - c) Delphi method
 - d) Consumer interview method
- 2) Which of the following is not a method of demand forecasting of new products?
 - a) Trend projection
 - b) Substitute approach
 - c) Evolutionary approach
 - d) Sales experience approach
- 3) Customary pricing is also known as
 - a) Consumer pricing
 - b) Conventional pricing
 - c) Cost plus pricing
 - d) Full cost pricing
- 4) _____ is the process of finding current values of demand for various values of prices and other determining variables.
 - a) Demand Estimation
 - b) Demand analysis
 - c) Demand function
 - d) Demand forecasting
- 5) Car and petrol are _____
 - a) Complimentary goods
 - b) Substitute goods
 - c) Supplementary goods
 - d) Reserve goods
- 6) Which of the following is the most competitive market structure?
 - a) Perfect Competition
 - b) Monopoly
 - c) Monopolistic competition
 - d) Oligopoly
- 7) Which of the following is NOT a feature of monopolistic competition?

- a) Numerous seller
 - b) Product differentiation
 - c) Numerous Buyer
 - d) Homogenous products
- 8) _____ is an industry that is often a natural monopoly.
- a) Electricity
 - b) Grocery Stores
 - c) Steel
 - d) Pure Competition
- 9) An industry with a single supplier is known as _____.
- a) Cartel
 - b) Conglomerate
 - c) Monopoly
 - d) Proprietorship
- 10) One feature of an oligopoly is that there are few _____.
- a) Buyers
 - b) Sellers
 - c) Patents
 - d) Markets
- 11) In economics, desire backed by purchasing power is known as _____.
- a) Utility
 - b) Demand
 - c) Consumption
 - d) Scarcity
- 12) Higher the price of certain luxurious articles, higher will be the demand, this concept is called _____.
- a) Giffen effects
 - b) Veblen effect
 - c) Demonstration effects
 - d) Reverse effect
- 13) In the case of perfect elasticity, the demand curve is
- a) Vertical
 - b) Horizontal
 - c) Flat
 - d) Steep
- 14) Outlay method of measurement of elasticity is also called as
- a) Percentage method
 - b) Expenditure method

- c) Point method
- d) Geometric method

15) _____ demand forecasting is related to the business conditions prevailing in the economy as a whole

- a) Macro level
- b) Industry level
- c) Firm level
- d) Micro level

16) _____ is the base of marketing planning.

- a) Demand Estimation
- b) Demand analysis
- c) Demand function
- d) Demand forecasting

17) _____ is the change in total revenue irrespective of changes in price or due to the effect of managerial decision on revenue.

- a) Average revenue
- b) Total revenue
- c) Marginal revenue
- d) Incremental revenue

18) The distinction between variable cost and fixed cost is relevant only in _____

- a) long period
- b) short period
- c) medium term
- d) mixed period

19) In _____ approach, the demand for new product is estimated on the basis demand of existing product

- a) Growth curve approach
- b) Evolutionary approach.
- c) Opinion polling approach
- d) Vicarious approach.

20) The proportionate change in the quantity demanded of a commodity in response to change in the price of another related commodity is called

- a) Price elasticity
- b) Related elasticity
- c) Cross elasticity
- d) Income elasticity

21) Production Possibility curve is also known as:

- a) Ogive Curve
- b) Rational Curve
- c) Transformation Curve

- d) Elementary Curve
- 22) Economics is concerned with _____, choice and efficiency.
 - a) Scarcity
 - b) Demand
 - c) Supply
 - d) Government
- 23) The problem of scarcity and _____ are implied in the production possibility curve.
 - a) Marginal Cost
 - b) Opportunity Cost
 - c) Demand
 - d) Supply
- 24) Economic inefficiency is indicated when a firm operates _____ the production possibility curve.
 - a) Inside
 - b) Outside
 - c) On the Point
 - d) On the origin
- 25) Opportunity Cost arises because the resources are _____.
 - a) Unlimited
 - b) Limited
 - c) Somewhat Limited
 - d) Zero
- 26) _____ are the geometrical tools to study functions.
 - a) Diagrams
 - b) Graphs
 - c) Pictures
 - d) Tables
- 27) Which of the following pair indicates the joint demand?
 - a) Car and Truck
 - b) Pepsi and Coke
 - c) Car and Petrol
 - d) Tire and Coke
- 28) _____ goods are exceptions to the law of demand.
 - a) Normal Goods
 - b) Giffen Goods
 - c) Real Goods
 - d) Future Goods
- 29) Demand Curve always slopes _____.
 - a) Upward

- b) Downwards
 - c) Parallel to X axis
 - d) Parallel to Y axis
- 30) Demand is _____ related to price.
- a) Directly
 - b) Inversely
 - c) Unrelated
 - d) Correlated
- 31) In a monopolistic Competition market, firms usually sell products that are _____.
- a) Close substitutes
 - b) Completely different
 - c) Complementary
 - d) Identical
- 32) The kinked demand curve explains
- a) Price Rigidity
 - b) Price Flexibility
 - c) Demand Rigidity
 - d) Demand Flexibility
- 33) The term group equilibrium is related to
- a) Duopoly
 - b) Perfect competition
 - c) Oligopoly
 - d) Monopolistic
- 34) The relationship between price and quantity demanded is
- a) Direct
 - b) Inverse
 - c) Linear
 - d) Non-linear
- 35) Who classified economies of scale into internal and external?
- a) Robinson
 - b) Marshall
 - c) Edward West
 - d) AC Pigou
- 36) Scarcity of resources is a _____ problem.
- a) Major
 - b) State
 - c) Rigid
 - d) Universal
- 37) Economics is a _____ science.
- a) Experimental

- b) Social
 - c) Statistical.
 - d) Human
- 38) The concept of production possibility curve was developed by _____
- a) Prof. Pigou
 - b) Prof. Samuelson
 - c) Prof. Marshal
 - d) Prof. Fish
- 39) The term “Rise over the run” is related to _____.
- a) Cost
 - b) Slope
 - c) Function
 - d) Graph
40. Functions can be both _____ and _____.
- a) Downward, Upwards
 - b) Vertical, Horizontal
 - c) Explicit, Implicit
 - d) Concave, Convex
- 41) _____ varies directly with price.
- a) Demand
 - b) Cost
 - c) Revenue
 - d) Supply
- 42) Extension and Contraction of demand curve can be shown on the _____ demand curve.
- a) Same
 - b) Different
 - c) Lateral
 - d) Horizontal
- 43) Revenue function is an important factor on the _____ side.
- a) Demand
 - b) Supply
 - c) Cost
 - d) Revenue
- 44) Total Revenue = _____ x _____.
- a) Price, Sales
 - b) Quantity, Sales
 - c) Quantity, Price
 - d) Price, Profit
- 45) The revenue obtained per unit is _____.

- a) Total Revenue
 - b) Marginal Revenue
 - c) Average Revenue
 - d) Adverse Revenue
- 46) The addition made to the total revenue by selling one more unit of the output is ____.
- a) Total Revenue
 - b) Marginal Revenue
 - c) Average Revenue
 - d) Adverse Revenue
- 47) Under Perfect Competition $AR =$ ____.
- a) TR
 - b) MR
 - c) TC
 - d) MC
- 48) The cross elasticity of demand between unrelated goods is ____.
- a) Zero
 - b) One
 - c) More than one
 - d) Less than one
- 49) In case of inferior goods, income elasticity is ____.
- a) Positive
 - b) Negative
 - c) Zero
 - d) Infinity
- 50) Cross Elasticity of demand between ____ is positive.
- a) Complements
 - b) Unrelated Goods
 - c) Substitutes
 - d) Necessities
- 51) A ____ represents various combinations of two inputs giving the same level of output.
- a) Iso Cost
 - b) Iso Sales
 - c) Iso Quant
 - d) Iso Revenue
- 52) In ____ all the factors can be varied.
- a) Short Run
 - b) Long Run
 - c) Medium Run
 - d) Simple Run

- 53) Iso Quants are _____ to the origin.
- a) Concave
 - b) Parallel
 - c) Convex
 - d) Adjoining
- 54) _____ do not intersect each other.
- a) Iso Cost
 - b) Iso Sales
 - c) Iso Quants
 - d) Iso Revenue
- 55) The size of a firm is limited by _____.
- a) Economies of Scale
 - b) Diseconomies of Scale
 - c) Production Function
 - d) Cost Function
- 56) _____ lead to reduction in cost of production.
- a) Economies of Scale
 - b) Diseconomies of Scale
 - c) Production Function
 - d) Cost Function
- 57) Size of markets limits division of _____.
- a) Materials
 - b) Labor
 - c) Overheads
 - d) Capital
- 58) Internal Economies of scale are advantages of _____.
- a) Small Scale Production
 - b) Large Scale Production
 - c) Medium Scale Production
 - d) Very Low Scale Production
- 59) The cost incurred on hired factors of production is known as _____.
- a) Implicit Cost
 - b) Explicit Cost
 - c) Internal Cost
 - d) Selling Cost
- 60) Economic cost includes both _____ cost and _____ cost.
- a) Accounting, Economic
 - b) Internal, External

- c) Implicit, Explicit
 - d) Financial, Management
- 61) Demand function explains the relationship between demand for a good and its ____.
- a) Determinants
 - b) Substitutes
 - c) Complements
 - d) Supply
- 62) Econometric methods combine economics and ____.
- a) Science
 - b) Statistics
 - c) Art
 - d) Policies
- 63) Under _____ methods of demand forecasting, all the consumers are questioned about the product.
- a) Opinion Polls
 - b) Time Series Analysis
 - c) Complete Enumeration
 - d) Sample Survey
- 64) _____ method is simple and less time consuming.
- a) Opinion Polls
 - b) Time Series Analysis
 - c) Complete Enumeration
 - d) Sample Survey
- 65) _____ method forecasts demand accurately.
- a) Correlation Method
 - b) Regression Method
 - c) Time Series Method
 - d) Sample Survey Method
- 66) Demand forecasts are essential to plan _____.
- a) Past Production
 - b) High Production
 - c) Low Production
 - d) Future Production
- 67) Choice of Method is an important factor in _____.
- a) Demand Analysis
 - b) Demand Forecasting
 - c) Demand Assumption

d) Demand Calculation

68) Iso Cost line is related with _____

- a) Demand Line
- b) Supply Line
- c) Budget Line
- d) Sales Line

69) represents _____.

- a) Average Product
- b) Total Product
- c) Marginal Product
- d) Sales Product

70) The law of variable proportions explains the _____ production function.

- a) Long Run
- b) Short Run
- c) Medium Run
- d) Linear

71) _____ refers to the no profit no loss zone.

- a) Break Even Point
- b) Margin of Safety
- c) Variable Cost
- d) Fixed Cost

72) A/An _____ in price will decrease the Break Even Point.

- a) Decrease
- b) Increase
- c) Constancy
- d) Fluctuation

73) Perfect Competitive firm is _____.

- a) Price Taker
- b) Price Maker
- c) Price Discriminator
- d) Price Advisor

74) All firms under _____ earns normal profits in long run.

- a) Oligopoly
- b) Duopoly
- c) Monopoly
- d) Perfect Competition

75) When Price is less than AVC, it is known as _____.

- a) Equilibrium
- b) Shut Down Point

- c) Start Up Point
 - d) Iso Cost Point
- 76) Under Perfect Competition, AR is always equal to ____.
- a) TR
 - b) MR
 - c) Price
 - d) Quantity Demanded
- 77) Monopoly is a complete negation of _____.
- a) Market
 - b) Cartel
 - c) Competition
 - d) Industry
- 78) The demand curve faced by a monopoly firm is _____.
- a) Upward Sloping
 - b) Downward Sloping
 - c) Horizontal
 - d) Vertical
- 79) A monopoly firm is a _____.
- a) Price Taker
 - b) Price Maker
 - c) Price Advisor
 - d) Price Discriminator
- 80) Indian Railways is an example of _____ monopoly.
- a) Private
 - b) Legal
 - c) Illegal
 - d) Public
- 81) _____ is the next best alternative that is sacrificed.
- a) Composite Cost
 - b) Opportunity Cost
 - c) Revenue Cost
 - d) Production Cost
- 82) When output increases AFC keeps _____.
- a) Rising
 - b) Falling
 - c) Diminishing
 - d) Rapidly Rising
- 83) _____ is the cost of producing an additional unit of output.
- a) Real Cost
 - b) Fixed Cost

- c) Variable Cost
 - d) Opportunity Cost
- 84) Marginal Cost depends upon _____.
- a) Average Cost
 - b) Total Cost
 - c) Variable Cost
 - d) Fixed Cost
- 85) The AFC curve has the shape of a _____.
- a) U Shaped
 - b) Straight Line
 - c) Upward Sloping
 - d) Rectangular Hyperbola
- 86) Accounting Costs consists only _____.
- a) Implicit Costs
 - b) Explicit Costs
 - c) Economic Costs
 - d) Variable Costs
- 87) The _____ average cost curve is generally U shaped.
- a) Long Run
 - b) Short Run
 - c) Medium
 - d) Variable
- 88) In _____ firms must cover all the cost.
- a) Long Run
 - b) Short Run
 - c) Medium
 - d) Variable
- 89) Opportunity Cost is also known as _____.
- a) Variable Cost
 - b) Fixed Cost
 - c) Alternative Cost
 - d) Regular Cost
- 90) Long Run Average Cost Curve is also known as _____.
- a) Ogive Curve
 - b) Envelope Curve
 - c) Production Curve
 - d) Sales Curve
- 91) In Pure Monopoly cross elasticity of demand is _____.
- a) One
 - b) Zero

- c) Infinity
 - d) More than One
- 92) _____ is a combination of Perfect Competition and Monopoly.
- a) Oligopoly
 - b) Duopoly
 - c) Monopolistic Competition
 - d) Triopoly
- 93) Under monopolistic competition firms produce _____ products which are close substitutes.
- a) Differentiated
 - b) Identical
 - c) Durable
 - d) Non – Durable
- 94) _____ is the unique feature of the monopolistic competition.
- a) Selling Cost
 - b) Fixed Cost
 - c) Variable Cost
 - d) Opportunity Cost
- 95) Selling cost is a cost incurred on _____.
- a) Production
 - b) Labors
 - c) Advertisement and Promotions
 - d) Materials
- 96) The concept of group was introduced by _____.
- a) Prof. Marshal
 - b) Prof. Samuelson
 - c) Prof. Chamberlin
 - d) Prof. Schumpeter
- 97) There is price and _____ competition in monopolistic competition.
- a) Price
 - b) Non – Price
 - c) Quantity
 - d) Profit
- 98) In the long run, firms under monopolistic competition make _____ profits.
- a) Normal
 - b) Supernormal
 - c) Low
 - d) Zero
- 99) Excess capacity leads to reduction in _____.

- a) Science Welfare
- b) SocialWelfare
- c) Variable Cost
- d) Fixed Costs

100) The kinky demand curve model was given by:

- a) Prof. Paul Sweezy
- b) Prof. Alfred Marshal
- c) Prof. A.C. Pigou
- d) Prof. Ragnar Fish