Managerial Economics

EXTRACTS FROM ATTEMPTED QUESTIONS AND ANSWERS

Multiple Choice Single Answer

Price of a product under perfect competition is determined by the interaction of total supply and
Correct Answer: total demand
Your Answer: total demand

The type economic problem is
Correct Answer: universal
Your Answer: universal

An individual consumer or particular market for a given commodity are the subject matter of
Correct Answer: Micro Economics
Your Answer: Micro Economics

Whether the economy's capacity to produce goods and services is growing from year to year or remaining static is studied under the
Correct Answer: Theory of economic growth
Your Answer: Theory of economic growth

Expansion of supply is shown by the movement in the supply curve which is
Correct Answer: upward
Your Answer: upward

Every nation's resources which are used to produce the quantities of goods and services that would be required to satisfy all its citizen's wants are
Correct Answer: insufficient
Your Answer: insufficient

The things that are produced by factors of production are called
Correct Answer: commodities
Your Answer: commodities

All the buyers and sellers operating under perfect competition have knowledge which is
Correct Answer: perfect
Your Answer: perfect

The suggestion of maximization of balanced growth rate as another alternative objective of a firm's profit is suggested by
Correct Answer: Prof. Morris
Your Answer: Baumol
J.M. Keynes, on the basis of a fundamental psychological law of consumption, observed that as income increases, consumption also increases, but proportionately.

Correct Answer : less
Your Answer : less

Often monopolies purposely keep certain factors of production idle creating artificial scarcities of their products as a result the prices.

Correct Answer : rise
Your Answer : rise

Managerial economics is also understood to refer to

Correct Answer : applied economics
Your Answer : applied economics

In economics the question related to the selection of methods with which commodities are produced is a subject matter of

Correct Answer : theory of production
Your Answer : theory of production

In economics the questions related to the division of society’s output of goods and services among its members are topics in

Correct Answer : theory of distribution
Your Answer : theory of distribution

In economics the questions related to the dynamic or static (otherwise) capacity of the economy to produce goods and services are topics in the

Correct Answer : theory of economic growth
Your Answer : theory of production

All the free gifts of nature which are commonly called natural resources are known to economists as

Correct Answer : Land
Your Answer : capital

All the man made resources which are used in the process of making other goods and services are called

Correct Answer : capital
Your Answer : labor

Managerial economics aims at providing help in the firms is

Correct Answer : decision making
Your Answer : decision making

An industry is a group of firms dealing in the same line of

Correct Answer : business
Your Answer : business

Economic Profit takes in to account the

Correct Answer : implicit cost
Your Answer : implicit cost
Complementary goods are demanded
Correct Answer : jointly
Your Answer : separately

Under monopoly the demand curve slopes
Correct Answer : downward
Your Answer : downward

Dalal Street in Bombay is known as
Correct Answer : Bombay Stock Exchange
Your Answer : Bombay Stock Exchange

The city of Banaras has specialized in the manufacture of
Correct Answer : silk
Your Answer : silk

According to the Government, the buildup of inflationary pressure during the Nineties was attributed to
Correct Answer : Higher Fiscal deficit
Your Answer : Higher Fiscal deficit

Managerial economics generally refers to the integration of economic theory with business
Correct Answer : Practice
Your Answer : Practice

Every nation’s resources which are used to produce the quantities of goods and services that would be required to satisfy all its citizen’s wants are
Correct Answer : insufficient
Your Answer : insufficient

Managerial economics is also understood to refer to
Correct Answer : applied economics
Your Answer : applied economics

The type economic problem is
Correct Answer : universal
Your Answer : universal

The act of making goods and services is called
Correct Answer : production
Your Answer : production

The act of using goods and services to satisfy wants is called
Correct Answer : consumption
Your Answer : consumption

The concept of just distribution of national product is a
Correct Answer : normative
Your Answer : objective
In cost-benefit analysis, after the step of appraisal and selection of the project is the step of
Correct Answer: comparison of the cash flow
Your Answer: comparison of the cash flow

According to many economists, the root cause of economic problem is
Correct Answer: scarcity
Your Answer: scarcity

Managerial economics aims at providing guidance to the firms for
Correct Answer: decision making
Your Answer: decision making

In case of a Joint-Stock Company, the liability of shareholders is
Correct Answer: limited
Your Answer: limited

For an economist, Tata Eng & Locomotive Company Ltd is a
Correct Answer: firm
Your Answer: firm

The profit which is surplus of revenue over and above all paid out cost is
Correct Answer: Accounting Profit
Your Answer: Gross Profit

In economics, demand means desire backed by adequate
Correct Answer: purchasing power
Your Answer: purchasing power

When more units of a commodity are purchased in response to decline in price of that commodity, it is called as expansion of
Correct Answer: demand
Your Answer: demand

Demand for products like tea, betel, tobacco, cigar is a matter of
Correct Answer: habit
Your Answer: habit

If the substitutes are relatively cheaper then the demand for the commodity in question will be
Correct Answer: less
Your Answer: less

Saving is a
Correct Answer: private virtue
Your Answer: social virtue

Economists call all human resources as
Correct Answer: labor
Your Answer: labor
All the buyers and sellers operating under perfect competition have knowledge
Correct Answer : perfect
Your Answer : perfect

The conditions of equilibrium of a firm are applicable to all markets
Correct Answer : None
Your Answer : particular

The price of a good and the exclusion principle together is
Correct Answer : divisibility
Your Answer : indivisibility

The liability of a sole proprietary firm is
Correct Answer : unlimited
Your Answer : unlimited

In Trade cycles the economic activity are
Correct Answer : ups and downs
Your Answer : ups and downs

Market economy or private enterprise economy is a economy which is
Correct Answer : planless
Your Answer : planned

New commodities due to technological progress may result in demand for traditional type of goods
Correct Answer : decrease
Your Answer : decrease

If a person is habituated to the consumption of a commodity and if he cannot easily give up its use, demand for it is generally
Correct Answer : inelastic
Your Answer : inelastic

The law of diminishing returns is applicable to agriculture provided the state of technology is given and
Correct Answer : constant
Your Answer : resources

Under the system of dual prices in case of essential goods, adopted by the government, the weaker sections of the community are supplied these goods through fair price shops who
Correct Answer : fair
Your Answer : neo-rich

The Government attempts to increase supplies of food grains and other essential goods in times of internal shortage through larger
Correct Answer : imports
Your Answer : borrowings
Pure public goods are subject to the law of decreasing average cost, because of the
Correct Answer : economies of scale
Your Answer : economies of scale

In the cost-benefit analysis, after formulating various alternative project capacity, each of them has to be examined in terms of its
Correct Answer : feasibility
Your Answer : feasibility

According to Lionel Robbins, "Economics is a science which studies
Correct Answer : human behavior
Your Answer : social behavior

If the substitutes are relatively costly then the demand for the commodity in question will be
Correct Answer : more
Your Answer : same

Jevons', the economists who defined the term 'market' different from that of the traditional sense is an
Correct Answer : English economists
Your Answer : English economists

Economists have pointed out that the real world is full of
Correct Answer : Imperfect competition
Your Answer : Imperfect competition

Inflation is a phenomena in which prices
Correct Answer : rise
Your Answer : rise

True inflation starts only after reaching the level of full
Correct Answer : Employment
Your Answer : Employment

During the period of depression various factors of production are
Correct Answer : exhausted
Your Answer : unutilized

The study of the working and allocation of resources in the free market economies is the topic in the
Correct Answer : theory of price
Your Answer : theory of production

Managerial economics aims at providing help in the firms is
Correct Answer : decision making
Your Answer : decision making
In equilibrium analysis of a firm, it is assumed that every individual proprietor exhibits rational economic behavior.

Correct Answer: behavior
Your Answer: behavior

The firm is the unit that makes the decisions regarding employment of and the output of commodities are factors of production.

Correct Answer: factors of production
Your Answer: factors of production

The principle of exclusion cannot be applied to the goods which are indivisible.

Correct Answer: indivisible
Your Answer: invisible

In the cost – benefit analysis, the firm step involved is that the investor has to choose a few project alternatives promising a rate of return which is high.

Correct Answer: high
Your Answer: high

Market system of economy is characterized by consumer’s sovereignty.

Correct Answer: sovereignty
Your Answer: demand

In case of a joint stock company, the liability of share holders is limited.

Correct Answer: limited
Your Answer: limited

According J.B.Clark, profit is the reward paid for dynamism.

Correct Answer: dynamism
Your Answer: risk bearing

Gross profit is the excess of total revenue of a firm over total expenditure.

Correct Answer: expenditure
Your Answer: expenditure

In general, the demand for necessaries is relatively inelastic.

Correct Answer: inelastic
Your Answer: elastic

Goods produced on small scale of supply is inelastic.

Correct Answer: inelastic
Your Answer: zero elastic

All the buyers and sellers operating under perfect competition have knowledge of the perfect supply curve during market period.

Correct Answer: perfect
Your Answer: perfect

The supply curve during market period is perfectly inelastic.

Correct Answer: inelastic
Your Answer: inelastic
All firms producing the same or similar product together make
Correct Answer : an industry
Your Answer : an industry

Joint Stock Company succession is
Correct Answer : perpetual
Your Answer : perpetual

Macro – economics provides an exploration to the functioning of an economy in
Correct Answer : general
Your Answer : general

In economics demand means desire backed by adequate
Correct Answer : purchasing power
Your Answer : ability to pay

The law of diminishing returns is applicable to agriculture provided the state of
technology is given and
Correct Answer : constant
Your Answer : constant

Under the monetary measures to control inflation, the R. B. I relies heavily on
selective credit controls on bank loans against food grains, sugar, oils, oilseeds,
cotton etc so as to discourage
Correct Answer : Speculative hoarding
Your Answer : Speculative hoarding

Slope of supply curve is
Correct Answer : positive
Your Answer : positive

Costs which increase because of the expansion of a firm are called costs
Correct Answer : incremental
Your Answer : incremental

All the buyers and sellers operating under perfect competition have knowledge
Correct Answer : perfect
Your Answer : perfect

The supply curve during market period is perfectly
Correct Answer : inelastic
Your Answer : inelastic

All firms producing the same or similar product together make
Correct Answer : an industry
Your Answer : an industry

Joint Stock Company succession is
Correct Answer : perpetual
Your Answer : perpetual
Macro-economics provides an exploration to the functioning of an economy in
Correct Answer : general
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In economics demand means desire backed by adequate purchasing power
Correct Answer : purchasing power
Your Answer : ability to pay

The law of diminishing returns is applicable to agriculture provided the state of technology is given and constant
Correct Answer : constant
Your Answer : constant

Under the monetary measures to control inflation, the R. B. I relies heavily on selective credit controls on bank loans against food grains, sugar, oils, oilseeds, cotton etc so as to discourage Speculative hoarding
Correct Answer : Speculative hoarding
Your Answer : Speculative hoarding

Slope of supply curve is positive
Correct Answer : positive
Your Answer : positive

Costs which increase because of the expansion of a firm are called incremental
Correct Answer : incremental
Your Answer : incremental

The city of Faridabad has specialized in the manufacture of bangles
Correct Answer : bangles
Your Answer : bangles

The act of making goods and services is called production
Correct Answer : production
Your Answer : production

With decline in price of a commodity, total expenditure spent on the commodity is less than before, then elasticity of demand for the commodity is < 1
Correct Answer : < 1
Your Answer : < 1

The act of using goods and services to satisfy wants is called consumption
Correct Answer : consumption
Your Answer : consumption

Market mechanism is characterized by instability
Correct Answer : instability
Your Answer : stability

The things that are produced by factors of production are called commodities
Correct Answer : commodities
Your Answer : free goods
The concept of just distribution of national product is a normative.
Correct Answer : normative
Your Answer : neutral

The type economic problem is universal.
Correct Answer : universal
Your Answer : universal

Under monopoly entry of new firms is prohibited.
Correct Answer : prohibited
Your Answer : prohibited

The firm is a center, where all the decisions are taken about production.
Correct Answer : production
Your Answer : production

Under the imperfect market, the market in which few firms exists is called as Oligopoly.
Correct Answer : Oligopoly
Your Answer : Oligopoly

Every nation’s resources which are used to produce the quantities of goods and services that would be required to satisfy all its citizen’s wants are insufficient.
Correct Answer : insufficient
Your Answer : insufficient

The method of inventory valuation in which, the cost of production is calculated on the assumption that the material which was last to enter the inventory of the company was used first is LIFO.
Correct Answer : LIFO
Your Answer : LIFO

In economics, demand means desire backed by adequate purchasing power.
Correct Answer : purchasing power
Your Answer : purchasing power

Managerial economics generally refers to the integration of economic theory with business practice.
Correct Answer : Practice
Your Answer : Practice

A group of firms dealing in the same line of business are called as Industry.
Correct Answer : Industry
Your Answer : Industry

Managerial economics is also understood to refer to applied economics.
Correct Answer : applied economics
Your Answer : applied economics

The demand curve (A.R.) of a firm under perfect competition is perfectly elastic.
Correct Answer : perfectly elastic
Your Answer : inelastic
Demand for products like tea, betel, tobacco, cigaratte is a matter of
Correct Answer : habit
Your Answer : habit

If the substitutes are relatively cheaper then the demand for the commodity in question will be
Correct Answer : less
Your Answer : less

An assembly of several machines, linked together either physically or by processes, capable of producing a given quantity of a product per day is
Correct Answer : plant
Your Answer : plant

The Risk Taking Theory was developed by Hawley, who was an
Correct Answer : American Economist
Your Answer : American Economist

Managerial economics generally refers to the integration of economic theory with business
Correct Answer : Practice
Your Answer : Practice

Forecasts made either through experience or through methodigistic are
Correct Answer : statistical
Your Answer : statistical

Managerial economics is also understood to refer to
Correct Answer : applied economics
Your Answer : applied economics

According to Prof. F.H. Knight, profit is a reward for
Correct Answer : uncertainty bearing
Your Answer : uncertainty bearing

The principle of full employment equilibrium was stated by
Correct Answer : Say's Law of Market
Your Answer : Law of Demand

Goods which are completely divisible and to them the principle of exclusion applies in full measure, are called
Correct Answer : Pure public goods
Your Answer : Private goods

Gross profit is the excess of total revenue of a firm over total
Correct Answer : expenditure
Your Answer : expenditure

Macro economics is the study of the
Correct Answer : aggregate behavior of economy
Your Answer : aggregate behavior of economy
Under perfect competition, generally demand and supply act and react upon each other and determine the price.

Correct Answer: equilibrium
Your Answer: equilibrium

Every nation’s resources which are used to produce the quantities of goods and services that would be required to satisfy all its citizen’s wants are insufficient.

Correct Answer: insufficient
Your Answer: insufficient

The feasibility, which includes the prospects of employment generation, development of backward areas, social groups comprises of Economic feasibility.

Correct Answer: Economic feasibility
Your Answer: Economic feasibility

As far as its use is concerned, tuning in of a radio can be categorized as: Divisible.

Correct Answer: Divisible
Your Answer: Divisible

A technical unit of given capacity of output is plant.

Correct Answer: plant
Your Answer: plant

The method of inventory valuation in which, the cost of production is calculated on the assumption that the material which was last to enter the inventory of the company was used first is LIFO.

Correct Answer: LIFO
Your Answer: LIFO

Change in income of a person may result in demand for goods to change.

Correct Answer: change
Your Answer: change

With decline in price of a commodity, total expenditure spent on the commodity is less than before, then elasticity of demand for the commodity is < 1.

Correct Answer: < 1
Your Answer: > 1

Peas & beans, groundnut oil & til oil, tea & coffee are examples of substitutes goods.

Correct Answer: substitutes goods
Your Answer: substitutes goods

AVC is the per unit variable cost of production.

Correct Answer: production
Your Answer: fixed variable

The supply curve during market period is perfectly inelastic.

Correct Answer: perfectly inelastic
Your Answer: perfectly inelastic
Under monopoly entry of new firms is
Correct Answer : prohibited
Your Answer : limited

The government has adopted a system of dual prices in the case of
Correct Answer : essential goods
Your Answer : essential goods

According to Lionel Robbins, "Economics is a science which studies
Correct Answer : human behavior
Your Answer : social behavior

Question related to the efficient production and allocation belong to the branch of economic theory called
Correct Answer : Welfare Economics
Your Answer : Business Economics

Managerial economics deals with
Correct Answer : Integration of economic theory with business practice, Using logic of economics, mathematics & statistics, The use of economic modes of thought to analyze business solution
Your Answer : Integration of economic theory with business practice, Using logic of economics, mathematics & statistics, The use of economic modes of thought to analyze business solution

The Risk theory of profit was developed by
Correct Answer : Hawley
Your Answer : Hawley

Expansion of supply is shown by the movement in the supply curve which is
Correct Answer : upward
Your Answer : upward

A Joint- Stock Company is owned by its share holders but it is managed by
Correct Answer : Board of Directors
Your Answer : Board of Directors

Peas & beas, groundnut oil & til oil, tea & coffee are examples of
Correct Answer : substitutes goods
Your Answer : complimentary goods

A firm is a unit of production, where production is done with the aim to maximize
Correct Answer : profits
Your Answer : profits

All the buyers and sellers operating under perfect competition have knowledge
Correct Answer : perfect
Your Answer : perfect

The demand curve (A.R.) of a firm under perfect competition is
Correct Answer : perfectly elastic
Your Answer : perfectly elastic
The number of buyers & sellers operating under perfect competition is
Correct Answer : large
Your Answer   large

The relation between variable input and output
Correct Answer : is direct
Your Answer   is direct

With decline in price of a commodity, total expenditure spent on the commodity is less than before, then elasticity of demand for the commodity is
Correct Answer : < 1
Your Answer   < 1

The public sector is owned & controlled by
Correct Answer : state enterprises
Your Answer  : ate enterprises

A downward movement from one point to another point on the same demand curve implies
Correct Answer : expansion
Your Answer   expansion

Inflation is characterized by demand which is in
Correct Answer : excess of supply
Your Answer   surplus

The study of the working and allocation of resources in the free market economies is the topic in the
Correct Answer : theory of price
Your Answer   theory of price

Costs which increase because of the expansion of a firm are called
Correct Answer : incremental
Your Answer   ncremental

The method of calculating depreciation in which the actual working hours of a capital asset are taken into account is
Correct Answer : service unit
Your Answer   ervice unit

All the free gifts of nature which are commonly called natural resources are known to economists as
Correct Answer : Land
Your Answer   Land

The assumption of perfect competition in all the analytical theories is made by
Correct Answer : Classical economists
Your Answer   Keynesian economists
The method of inventory valuation in which the cost of production is calculated on the assumption that the material which was last to enter the inventory of the company was used first is
Correct Answer : LIFO
Your Answer : LIFO

The number of sellers operating under monopolistic competition as compare to oligopoly is
Correct Answer : larger
Your Answer : larger

AVC is the per unit variable cost of
Correct Answer : production
Your Answer : total revenue

The act of making goods and services is called
Correct Answer : production
Your Answer : production

The act of using goods and services to satisfy wants is called
Correct Answer : consumption
Your Answer : consumption

The type economic problem is
Correct Answer : universal
Your Answer : universal

An individual consumer or particular market for a given commodity are the subject matter of
Correct Answer : Micro Economics
Your Answer : Micro Economics

While calculating accounting profit, the costs which are considered are by nature
Correct Answer : explicit
Your Answer : implicit

Given the price, if the cost of production increases because of higher price of raw materials, the supply
Correct Answer : decreases
Your Answer : decreases

The things that are produced by factors of production are called
Correct Answer : commodities
Your Answer : commodities

The concept of just distribution of national product is a
Correct Answer : normative
Your Answer : normative
In economics the question related to the selection of methods with which commodities are produced is a subject matter of 
Correct Answer : theory of production  
Your Answer : theory of production

The city of Banaras has specialized in the manufacture of 
Correct Answer : silk  
Your Answer : silk

In economics the questions related to the division of society's output of goods and services among its members are topics in 
Correct Answer : theory of distribution  
Your Answer : theory of distribution

Every nation's resources which are used to produce the quantities of goods and services that would be required to satisfy all its citizen's wants are 
Correct Answer : insufficient  
Your Answer : insufficient

In cost - benefit analysis, after the step of appraisal and selection of the project is the step of 
Correct Answer : comparison of the cash flow  
Your Answer : comparison of the cash flow

When a company raises additional finance by borrowing from the public for a specific period of time at a particular rate of interest, it is called as 
Correct Answer : Debentures  
Your Answer : Debentures

Managerial economics generally refers to the integration of economic theory with business 
Correct Answer : Practice  
Your Answer : Practice

The observation of economic histories of the United States & West European countries shows that competition, the heart of market mechanism gives rise to 
Correct Answer : monopolies  
Your Answer : price competition

During a period of rising prices (inflation), the goods and services are 
Correct Answer : scarce  
Your Answer : are also increasing

Over the years in India the govt. expenditure is 
Correct Answer : increasing  
Your Answer : increasing

Managerial economics is also understood to refer to 
Correct Answer : applied economics  
Your Answer : applied economics
Pure public goods are subject to the law of decreasing average cost, because of the economies of scale.

A responsible factor for inflation is the hike in prices.

The indivisible goods whose benefits cannot be priced are called Pure public goods.

The main objective of a co-operative organization is service.

The profits which must be deducted from the gross profits to arrive at net profits are Monopoly Profits.

Cournot, the economists who defined the term 'market' different from that of the traditional sense is an French economists.

According J.B.Clark, profit is the reward paid for dynamism.

The economists who defined the term 'market' different from that of the traditional sense is Jevons & Cournot.

The act of manufacturing goods and services is called production.

Change in income of a person may result in demand for goods to change.

Managerial economics aims at providing guidance to the firms for decision making.

When in order to satisfy a given want, 2 or more goods are needed in combination, these goods are called complimentary goods.
If a person is habituated to the consumption of a commodity and if he cannot easily give up its use, demand for it is generally :-
Correct Answer : Inelastic
Your Answer : Inelastic

The demand for a commodity depends on the prices of its substitutes which are :-
Correct Answer : Relative
Your Answer : Relative

Under perfect competition, if demand increases, supply being constant, the price would :-
Correct Answer : Rise
Your Answer : Rise

With decline in price of a commodity, total expenditure spent on the commodity is less than before, then elasticity of demand for the commodity is :-
Correct Answer : Less than one
Your Answer : Less than one

When a firm’s A.R. (average revenue) is greater than A.C. (average cost), it gets a profit which is :-
Correct Answer : Super normal
Your Answer : Positive

According to J.M. Keynes, there is inducement to invest, when the marginal efficiency of capital is greater than :-
Correct Answer : Rate of interest
Your Answer : Rate of interest

According to many economists, the root cause of economic problem is :-
Correct Answer : Scarcity
Your Answer : Scarcity

Demand for several products like ice-cream, chocolate, bhel-puri depends on :-
Correct Answer : Individual tastes
Your Answer : Individual tastes

For an economist, Tata Eng & Locomotive Company Ltd is a :-
Correct Answer : Firm
Your Answer : Firm

In general, the demand for necessaries is relatively :-
Correct Answer : Inelastic
Your Answer : Inelastic

Peas & beans, groundnut oil & til oil, tea & coffee are examples of :-
Correct Answer : Substitute goods
Your Answer : Substitute goods
When with a rise in price, the total outlay falls, or with a fall in price, the total outlay rises, elasticity of demand is:

Correct Answer: Greater than one
Your Answer: Infinite

Liability of a sole trader is
Correct Answer: unlimited
Your Answer: unlimited

The Risk theory of profit was developed by
Correct Answer: Hawley
Your Answer: Hawley

The subject matter of managerial economics covers two important areas namely decision-making and
Correct Answer: forward Planning
Your Answer: forward Planning

All the buyers and sellers operating under perfect competition have knowledge which is
Correct Answer: perfect
Your Answer: perfect

The cost recorded in the books of accounts are considered as
Correct Answer: explicit costs
Your Answer: explicit costs

Normally, a larger quantity is demanded at
Correct Answer: lower price
Your Answer: lower price

When a company raises additional finance by borrowing from the public for a specific period of time at a particular rate of interest, it is called as
Correct Answer: Debentures
Your Answer: Debentures

In cost benefit analysis, in the valuation of costs and benefits, for finding the present value, one has to make use of
Correct Answer: discount rate
Your Answer: discount rate
Like a particular street in a city, the entire city may sometimes specialize in the production of a particular commodity. The city acquire the status of a national market.

Cournot, the economists who defined the term 'market' different from that of the traditional sense is an French economists.

Demand forecasting is predicting for the demand of a firm’s product in future.

The demand curve (A.R.) of a firm under perfect competition is perfectly elastic.

Managerial economics aims at providing guidance to the firms for decision making.

A responsible factor for inflation is hike in prices.

Economists call all human resources as labor.

Over the years in India the govt. expenditure is increasing.

Given the price, if the cost of production increases because of higher price of raw materials, the supply decreases.

All the man made resources which are used in the process of making other goods and services are called capital.

Managerial economics aims at providing help in the firms is decision making.

Variable cost are those costs which vary with the level of output.
An individual consumer or particular market for a given commodity are the subject matter of
Correct Answer : Micro Economics
Your Answer : Micro Economics

True inflation starts only after reaching the level of full
Correct Answer : Employment
Your Answer : Employment

All the free gifts of nature which are commonly called natural resources are known to economists as
Correct Answer : Land
Your Answer : Land

Production Function implies relationship between
Correct Answer : input & output
Your Answer : input & output

In economics the questions related to the division of society’s output of goods and services among its members are topics in
Correct Answer : theory of distribution
Your Answer : theory of distribution

By 'profits', the accountant means total revenue minus________.
Correct Answer : Explicit costs
Your Answer : Sunk cost

The study of the working and allocation of resources in the free market economies is the topic in the
Correct Answer : theory of price
Your Answer : theory of price

According to the Government, the buildup of inflationary pressure during the Nineties was attributed to
Correct Answer : Higher Fiscal deficit
Your Answer : Higher Fiscal deficit

In economics the questions related to the dynamic or static (otherwise) capacity of the economy to produce goods and services are topics in the
Correct Answer : theory of economic growth
Your Answer : theory of economic growth

The act of using goods and services to satisfy wants is called
Correct Answer : consumption
Your Answer : consumption

Economists have pointed out that the real world is full of
Correct Answer : Imperfect competition
Your Answer : Monopolistic competition
According to J.M. Keynes, the equilibrium between the aggregate demand function and the aggregate supply function can, and often does take place at
Correct Answer: less than full employment
Your Answer: full employment

The things that are produced by factors of production are called
Correct Answer: commodities
Your Answer: commodities

The concept of just distribution of national product is a
Correct Answer: normative
Your Answer: objective

Dalal Street in Bombay is known as
Correct Answer: Bombay Stock Exchange
Your Answer: Bombay Stock Exchange

The type economic problem is
Correct Answer: universal
Your Answer: universal

Preference share holders get a rate of dividend which is
Correct Answer: fixed
Your Answer: high

The act of making goods and services is called
Correct Answer: production
Your Answer: production

In economics, supply is considered to be a
Correct Answer: relative term
Your Answer: relative term

In economics the question related to the selection of methods with which commodities are produced is a subject matter of
Correct Answer: theory of production
Your Answer: theory of production

Slope of supply curve is
Correct Answer: positive
Your Answer: positive

The profits which must be deducted from the gross profits to arrive at net profits are
Correct Answer: Monopoly Profits
Your Answer: Monopoly Profits

A Joint-Stock Company is owned by its share holders but it is managed by
Correct Answer: Board of Directors
Your Answer: Non-government organization
Every nation’s resources which are used to produce the quantities of goods and services that would be required to satisfy all its citizen’s wants are

**Correct Answer** : insufficient
**Your Answer** : insufficient

In case of a proprietory firm, the liability for all his debts is

**Correct Answer** : unlimited
**Your Answer** : unlimited

The city of Kashmir has specialized in the manufacture of

**Correct Answer** : shawls
**Your Answer** : shawls

Managerial economics is also understood to refer to

**Correct Answer** : applied economics
**Your Answer** : applied economics

According to Lionel Robbins, "Economics is a science which studies

**Correct Answer** : human behavior
**Your Answer** : economic variables behavior

A firm gets an opportunity to produce multiple products because changes in business activity in a firms is

**Correct Answer** : cyclical
**Your Answer** : rapid

Under competitive conditions, market mechanism would automatically bring equilibrium at the level of

**Correct Answer** : full employment
**Your Answer** : optimum produce

The slope of Supply curve of labour is always

**Correct Answer** : backward
**Your Answer** : upward

In economics the questions related to the dynamic or static (otherwise) capacity of the economy to produce goods and services are topics in the

**Correct Answer** : theory of economic growth
**Your Answer** : theory of economic growth

**Multiple Choice Multiple Answer**

Demand forecasts are necessary for

**Correct Answer** : Fulfillment of objective of the plans, Preparation of a budget, Expansion of firms
**Your Answer** : Fulfillment of objective of the plans, Preparation of a budget, Expansion of firms
Marginal Propensity to consume
Correct Answer: It is defined as the ratio of the change in consumption to the change in income, it is rate of change in the average propensity to consume as income changes. It is derived by the formula \( mpc = \frac{\text{change in } C}{\text{change in } Y} \)
Your Answer: It is defined as the ratio of the change in consumption to the change in income, it is derived by the formula \( mpc = \frac{\text{change in } C}{\text{change in } Y} \), it is derived by dividing the change in income by change in the consumption expenditure.

Keynes’s theory of employment explains
Correct Answer: Effective demand, Aggregate supply, Aggregate demand
Your Answer: Effective demand, Aggregate supply, Aggregate demand

Features of the firm are
Correct Answer: It is a business unit organized under one ownership, It is a sole proprietorship, It is a partnership or joint stock company
Your Answer: It is a business unit organized under one ownership, It is a sole proprietorship, It is a partnership or joint stock company

Co-operative organizations is
Correct Answer: voluntary organization, managed by democratic principle, organization, which performs its business within the members
Your Answer: voluntary organization, managed by democratic principle, non profit motive organization

Assumptions underlying the law of Supply are
Correct Answer: The cost of production is unchanged, No change in technique of production, Government policies are unchanged
Your Answer: The cost of production is unchanged, No change in technique of production, Government policies are unchanged

Explicit costs are
Correct Answer: Out of pocket costs, These are firms accounting expenses, Expenditure costs
Your Answer: Out of pocket costs, These are firms accounting expenses, Expenditure costs

The phase of recovery denotes
Correct Answer: More employment opportunities, Increase in profitability, Wage rate increase
Your Answer: More employment opportunities, Increase in profitability, Wage rate increase

The term externalities may also be referred as:
Correct Answer: Spill-over effects, Neighborhood effects, Third party effects
Your Answer: Spill-over effects, Neighborhood effects, Third party effects
Methods of forecasting demand for new products are
Correct Answer: Product life cycle analysis, Test marketing, Evolutionary approach
Your Answer: Evolutionary approach

The methods of calculating depreciation is
Correct Answer: Diminishing Balance Method, Annuity Method, Service Unit Method
Your Answer: Diminishing Balance Method, Annuity Method, Service Unit Method

Features of Market are
Correct Answer: Place where buyers and sellers meet each other, A building where a number of shops dealing in a particular commodity exist, A place where transaction of goods and services is undertaken
Your Answer: Place where buyers and sellers meet each other, A building where a number of shops dealing in a particular commodity exist, A place where transaction of goods and services is undertaken

The characteristics of a sole proprietorship firm is
Correct Answer: Unlimited Capital, Ownership by a single person, Easy to form
Your Answer: Ownership by a single person, Easy to form

Different types of business organizations are
Correct Answer: private sector, public sector, joint sector
Your Answer: private sector, public sector, joint sector

The payments made out of the Gross Profit are
Correct Answer: Remuneration to factors of production, Depreciation, Maintenance Charges
Your Answer: Remuneration to factors of production, Depreciation, Maintenance Charges

reasonable profit' are
Correct Answer: Capital Attraction, Plough Back, Normal earnings
Your Answer: Capital Attraction, Plough Back, Normal earnings

Different types of Elasticity of Demand are
Correct Answer: Price elasticity of demand, Income elasticity of demand, Cross elasticity of demand
Your Answer: Price elasticity of demand, Income elasticity of demand, Cross elasticity of demand

Major types of costs are
Correct Answer: Accounting costs, Economic costs, Opportunity costs
Your Answer: Accounting costs, Economic costs, Opportunity costs
Features of the firm are
Correct Answer : It is a business unit organized under one ownership ,
It is a sole proprietorship, It is a partnership or joint stock company
Your Answer : It is a business unit organized under one ownership ,
It is a sole proprietorship, It is a partnership or joint stock company

Equilibrium is the stage of
Correct Answer : maximum satisfaction , balance , stationary
Your Answer : maximum satisfaction , balance , stationary

Government intervention is needed in free market mechanism to
Correct Answer : To provide employment to all who willing to work at
prevailing wage rate, Factors of production are optimally allocated between the
various industries, All will get sufficient income to meet their basic needs
Your Answer : To provide employment to all who willing to work at
prevailing wage rate, Factors of production are optimally allocated between the
various industries, All will get sufficient income to meet their basic needs

Defects of market system:
Correct Answer : Inequalities of income and wealth, Emergence of
monopolies, Failure to provide full employment
Your Answer : Inequalities of income and wealth, Emergence of
monopolies, Failure to provide full employment

Steps in cost benefit analysis
Correct Answer : Identification of a project, Formulation of the project,
Appraisal and selection of the project
Your Answer : Identification of a project, Formulation of the project,
Appraisal and selection of the project

The advantage of cost-benefit analysis are
Correct Answer : Maximization of social welfare, Objective
measurement of the trade-off, Maximization of difference between total benefits
& total costs
Your Answer : Maximization of social welfare, Objective
measurement of the trade-off, Maximization of difference between total benefits
& total costs

Preference Shares can be classified as
Correct Answer : Simple Shares, Cumulative Shares, Redeemable
Shares
Your Answer : Simple Shares, Cumulative Shares, Redeemable
Shares

The promoters of a company can get incorporated by filing with the registrar of
companies various documents such as
Correct Answer : Memorandum of Association, Articles of Association,
Prospectus
Your Answer : Memorandum of Association, Articles of Association,
Forms of Public Enterprises
Correct Answer: departmental management, company management or management by boards, public corporations
Your Answer: departmental management, public corporations, non-profit organization

Cost function denotes
Correct Answer: The prices of such inputs as labour and capital material, The rate of output, The size of the plant
Your Answer: The prices of such inputs as labour and capital material, The rate of output, The size of the plant, The cost of technology

Features of Oligopoly Market are
Correct Answer: Few sellers, Restriction to entry of new firms, Price leadership
Your Answer: Few sellers, Restriction to entry of new firms, No Advertisement cost

The characteristics of Inflation are
Correct Answer: Excess of demand, Sustained rise in prices, Cannot be anticipated
Your Answer: Sustained rise in prices, Cannot be anticipated, It is limited to some geographical areas

Main aims of the New Industrial Policy (1991) are
Correct Answer: To unshackle the Indian industrial economy from the cobwebs of unnecessary bureaucratic control, To introduce liberalization with a view to integrate the Indian economy with the world economy, To remove restrictions on direct foreign investment as also to free the domestic entrepreneur from the restriction of MRTP act
Your Answer: To unshackle the Indian industrial economy from the cobwebs of unnecessary bureaucratic control, To introduce liberalization with a view to integrate the Indian economy with the world economy, To remove restrictions on direct foreign investment as also to free the domestic entrepreneur from the restriction of MRTP act

Equilibrium is
Correct Answer: The stage of maximum satisfaction, The stage of balance, The stage of stationary
Your Answer: The stage of balance

Conditions of equilibrium
Correct Answer: Marginal Revenue should be equal to Marginal Cost, The Marginal Cost curve should cut the Marginal Revenue curve from below at the equilibrium point, Marginal Cost curve should be increasing at equilibrium point
Your Answer: Marginal Revenue should be equal to Marginal Cost, The Marginal Cost curve should cut the Marginal Revenue curve from below at the equilibrium point, Average Cost curve should cut the Average Revenue curve
Aggregate supply function
Correct Answer : Refers to that price at which the seller is willing to supply, Refers to show the varying level of supply at different prices, Explains the level of output varies with the level of employment
Your Answer : Refers to show the varying level of supply at different prices

Characteristics of Depression
Correct Answer : Decrease in economic activities, The growth rate becomes negative, The level of national income declines rapidly
Your Answer : Decrease in economic activities, The growth rate becomes negative, The level of national income declines rapidly

Recession includes
Correct Answer : The demand is halted, Increase in production of goods, Inventories piling up in stocks
Your Answer : The demand is halted, Inventories piling up in stocks, The growth of discrepancy between supply and demand is very fast

The causes of inflation
Correct Answer : Increase in public expenditure, Increase in private expenditure, Increase in foreign demand
Your Answer : Increase in public expenditure, Increase in foreign demand, Increase in taxation

Reasons for need of public distribution system
Correct Answer : To maintain stable price conditions, An efficient management of the supply, To supply the necessary goods to people at reasonable price
Your Answer : To maintain stable price conditions, An efficient management of the supply, To supply the necessary goods to people at reasonable price

The consumer protection Act includes
Correct Answer : Protection from hazardous commodities, Right to a competitive price, Right to information regarding protection
Your Answer : Protection from hazardous commodities, Right to information regarding protection, Protest against price discrimination

Objectives of economic policy
Correct Answer : To increase the efficiency and international competitiveness of industrial production, To improve the performance and rationalize the scope of the public sector, To reform and modernize the financial sector
Your Answer : To increase the efficiency and international competitiveness of industrial production, To improve the performance and rationalize the scope of the public sector, To reform and modernize the financial sector
Scope of Managerial Economics deals with:

**Correct Answer** : Demand analysis and forecasting, Production function & cost analysis, Inventory management advertising, price system.
**Your Answer** : Demand analysis and forecasting, Production function & cost analysis, Inventory management advertising, price system.

Assumptions of the Law of Demand are:

**Correct Answer** : No change in consumer’s income, No change in consumer’s preferences, No change in fashion
**Your Answer** : No change in consumer’s income, No change in consumer’s preferences, No change in fashion, No Change in government policy.

Types of income elasticity of demand

**Correct Answer** : Negative income elasticity, Zero income elasticity, Unit income elasticity
**Your Answer** : Negative income elasticity, Zero income elasticity, Unit income elasticity

Equilibrium is

**Correct Answer** : The stage of maximum satisfaction, The stage of balance, The stage of stationary
**Your Answer** : The stage of balance

Conditions of equilibrium

**Correct Answer** : Marginal Revenue should be equal to Marginal Cost, The Marginal cost curve should cut the marginal revenue curve from below at the equilibrium point, Marginal cost curve should be increasing at equilibrium point
**Your Answer** : Marginal Revenue should be equal to Marginal Cost, The Marginal cost curve should cut the marginal revenue curve from below at the equilibrium point, Average cost curve should cut the Average Revenue curve

Aggregate supply function

**Correct Answer** : Refers to that price at which the seller is willing to supply, Refers to show the varying level of supply at different prices, Explains the level of output varies with the level of employment
**Your Answer** : Refers to show the varying level of supply at different prices

Characteristics of Depression

**Correct Answer** : Decrease in economic activities, The growth rate becomes negative, The level of national income declines rapidly
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Correct Answer: Protection from hazardous commodities, Right to a competitive price, Right to information regarding protection
Your Answer: Protection from hazardous commodities, Right to information regarding protection, Protest against price discrimination

Objectives of economic policy
Correct Answer: To increase the efficiency and international competitiveness of industrial production, To improve the performance and rationalize the scope of the public sector, To reform and modernize the financial sector
Your Answer: To increase the efficiency and international competitiveness of industrial production, To improve the performance and rationalize the scope of the public sector, To reform and modernize the financial sector

Scope of Managerial Economics deals with:
Correct Answer: Demand analysis and forecasting, Production function & cost analysis, Inventory management advertising, price system.
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Correct Answer: No change in consumer’s income, No change in consumer’s preferences, No change in fashion
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Types of income elasticity of demand
Correct Answer: Negative income elasticity, Zero income elasticity, Unit income elasticity
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The advantage of cost-benefit analysis are
Correct Answer: Maximization of social welfare, Objective measurement of the trade-off, Maximization of difference between total benefits & total costs
Your Answer: Maximization of social welfare, Objective measurement of the trade-off, Maximization of difference between total benefits & total costs

The term externalities may also be referred as:
Correct Answer: Spill-over effects, Neighborhood effects, Third party effects
Your Answer: Spill-over effects, Neighborhood effects, Third party effects

Managerial economics deals with
Correct Answer: Integration of economic theory with business practice, Using logic of economics, mathematics & statistics, The use of economic modes of thought to analyze business solution
Your Answer: Integration of economic theory with business practice, Using logic of economics, mathematics & statistics, The use of economic modes of thought to analyze business solution

Explicit costs are
Correct Answer: Out of pocket costs, These are firms accounting expenses, Expenditure costs
Your Answer: Out of pocket costs, These are firms accounting expenses, Expenditure costs

Types of imperfect competition are
Correct Answer: Monopoly, Duopoly, Oligopoly
Your Answer: Monopoly, Duopoly, Oligopoly

Features of Pure Competition are
Correct Answer: Large number of buyers and sellers, Homogeneous products, Free entry and free exit of firms
Your Answer: Large number of buyers and sellers, Homogeneous products, Free entry and free exit of firms

Equilibrium is the stage of
Correct Answer: maximum satisfaction, balance, stationary
Your Answer: maximum satisfaction, balance

According to Keynes, Aggregate supply function refers to
Correct Answer: the minimum price of revenue which the entrepreneurs must get, Associated with different levels of employment, Explains that the level of output varies with the level of employment
Your Answer: the minimum price of revenue which the entrepreneurs must get, Associated with different levels of employment, Explains that the level of output varies with the level of employment
Marginal Propensity to consume is characterized as follows

**Correct Answer**: It is defined as the ratio of the change in consumption to the change in income, it is rate of change in the average propensity to consume as income changes, It is derived by the formula $\text{mpc} = \frac{\text{change in } c}{\text{change in } y}$

**Your Answer**: It is rate of change in the average propensity to consume as income changes, It is derived by the formula $\text{mpc} = \frac{\text{change in } c}{\text{change in } y}$, It is derived by dividing the change in income by change in the consumption expenditure.

The meaning of monetary policy is

**Correct Answer**: It is programmed of the central bank, It controls the total supply of money, The basic objective is to achieve economic stability

**Your Answer**: It is programmed of the central bank, It controls the total supply of money, The basic objective is to achieve economic stability.

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Objectives of economic policy are

**Correct Answer**: To increase the efficiency and international competitiveness of industrial production, To improve the performance and rationalize the scope of the public sector, To reform and modernize the financial sector

**Your Answer**: To increase the efficiency and international competitiveness of industrial production, To improve the performance and rationalize the scope of the public sector, To reform and modernize the financial sector.

Features of monopolistic Competition

**Correct Answer**: Fairly Large number of firms, Product differentiation, Selling costs are existed

**Your Answer**: Fairly Large number of firms, Product differentiation, Selling costs are existed.

Investment

**Correct Answer**: It adds to capital equipments, It leads to increase in level of income, It includes new plant and equipment

**Your Answer**: It adds to capital equipments, It leads to increase in level of income, It includes new plant and equipment.
Features of stage of expansion in business cycle are
Correct Answer : Rise in national output, Rise in consumer and capital expenditure, Bank advances grow rapidly
Your Answer : Rise in national output, Rise in consumer and capital expenditure, Bank advances grow rapidly

Characteristics of Depression
Correct Answer : Decrease in economic activities, The growth rate becomes negative, The level of national income declines rapidly
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Recession includes
Correct Answer : The demand is halted, Increase in production of goods, Inventories piling up in stocks
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The causes of inflation
Correct Answer : Increase in public expenditure, Increase in private expenditure, Increase in foreign demand
Your Answer : Increase in public expenditure, Increase in foreign demand, Increase in taxation

Forms of Public Enterprises
Correct Answer : Public Corporations, Departmental management, Company Management or management by boards
Your Answer : Departmental management, Public Corporations

Specific organizational goals of Firms are:
Correct Answer : Maximisation of profit, Reasonable Profit Target, Sales revenue Maximization
Your Answer : Maximisation of profit, Reasonable Profit Target, Sales revenue Maximization

Individual Demand Schedule:
Correct Answer : Is in tabular form, It shows the prices of goods, It shows the quantities of a commodity purchased
Your Answer : Is in tabular form, It shows the prices of goods, It shows the quantities of a commodity purchased

The production function can be explained by:
Correct Answer : Law of variable proportions, Laws of returns to scale, Optimum combinations of inputs
Your Answer : Law of variable proportions, Laws of returns to scale, Optimum combinations of inputs

Implicit costs are:
Correct Answer : Cost on self owned resources, Costs of salary of the proprietor, Interest on the entrepreneur's own investment
Your Answer : Cost on self owned resources, Interest on the entrepreneur's own investment
An Industry
Correct Answer : Is a group of firms, All firms dealing in the same line of business, The ownership and management of each firm is different
Your Answer : Is a group of firms, All firms dealing in the same line of business, The ownership and management of each firm is different

Average propensity to consume
Correct Answer : It is defined as the ratio of consumption expenditure to any particular level of income, It is found by dividing consumption expenditure by income, It is expressed as the percentage of income consumed
Your Answer : It is derived by dividing income by consumption expenditure

Inflation means
Correct Answer : It is a phenomenon of rising prices, It is a general and dynamic phenomenon, It includes an excess of demand
Your Answer : It is a phenomenon of rising prices

The fiscal policy includes
Correct Answer : Formation of taxation policy, It is an instrument for economic stabilization, Monitoring of public expenditure
Your Answer : Formation of taxation policy, It is an instrument for economic stabilization, Monitoring of public expenditure

The meaning of monetary policy
Correct Answer : It is programme of the central bank, It controls the total supply of money, The basic objective is to achieve economic stability
Your Answer : It is programme of the central bank, It controls the total supply of money, The basic objective is to achieve economic stability

Causes for rise in prices in India
Correct Answer : Mounting government expenditure, Deficit financing and increase in money supply, Role of black money
Your Answer : Mounting government expenditure, Deficit financing and increase in money supply, Role of black money

Managerial economics deals with
Your Answer : Integration of economic theory with business practice, Using logic of economics, mathematics & statistics.

The sources of economic problems are:
Correct Answer : Man has unlimited wants or ends, The means or resources to satisfy them are limited, These resources are not specific but have alternative uses.
Your Answer : Man has unlimited wants or ends, The means or resources to satisfy them are limited, These resources are not specific but have alternative uses.
Different types of business organizations are;
**Correct Answer**: Private sector, Public sector, Joint sector.
**Your Answer**: Joint sector.

Proprietary firm is
**Correct Answer**: Owned by a single person, Easy to form, An organization of single person.
**Your Answer**: Owned by a single person.

Methods of measurement of elasticity
**Correct Answer**: Percentage Method, Point elasticity Method, Total outlay expenditure method
**Your Answer**: Percentage Method, Point elasticity Method, Total outlay expenditure method

Demand forecasts are necessary for:
**Correct Answer**: Fulfillment of objective of the plans, Preparation of a budget, Expansion of firms
**Your Answer**: Preparation of a budget, Expansion of firms

An Industry
**Correct Answer**: Is a group of firms, All firms dealing in the same line of business, The ownership and management of each firm is different
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Demand forecasts are necessary for:
Correct Answer : Fulfillment of objective of the plans, Preparation of a budget, Expansion of firms
Your Answer : Preparation of a budget, Expansion of firms

Demand is determined by
Correct Answer : Price of the product, Relative prices of other goods, Tastes and habits
Your Answer : Price of the product, Relative prices of other goods, Tastes and habits
Baumol has pointed out three main contributions of economic theory. They are

**Correct Answer** : Economic theory offers clarity to various concepts used in the business analyses, Economic theory contributes in building an analytical model to recognize managerial problems, Economic theory contributes to 'a set of analytical methods' which enhance the analytical capabilities of business analysis.

**Your Answer** : Economic theory offers clarity to various concepts used in the business analyses, Economic theory contributes in building an analytical model to recognize managerial problems, Economic theory contributes to 'a set of analytical methods' which enhance the analytical capabilities of business analysis.

Features of Pure Competition are

**Correct Answer** : Large number of buyers and sellers, Homogeneous products, Free entry and free exit of firms

**Your Answer** : Large number of buyers and sellers, Homogeneous products, Free entry and free exit of firms

The production function studies

**Correct Answer** : Input and output relation, Factors of production and final production, Technology used in production

**Your Answer** : Input and output relation, Factors of production and final production, Demand for production

Specific organizational goals of Firms are

**Correct Answer** : maximization of profit, reasonable profit target, sales revenue maximization

**Your Answer** : maximization of profit, sales revenue maximization, to cover risk and uncertainty

Government intervention is needed in free market mechanism to

**Correct Answer** : To provide employment to all who willing to work at prevailing wage rate, Factors of production are optimally allocated between the various industries, All will get sufficient income to meet their basic needs

**Your Answer** : To provide employment to all who willing to work at prevailing wage rate, Factors of production are optimally allocated between the various industries, Control the market mechanism by charging license fees, commissions, etc

The characteristics of a sole proprietorship firm is

**Correct Answer** : Unlimited Capital, Ownership by a single person, Easy to form

**Your Answer** : Ownership by a single person, Easy to form

The advantage of cost-benefit analysis are

**Correct Answer** : Maximization of social welfare, Objective measurement of the trade-off, Maximization of difference between total benefits & total costs

**Your Answer** : Maximization of social welfare, Maximization of difference between total benefits & total costs, Applicable only in partial equilibrium framework.
The causes of inflation are
Correct Answer: Increase in public expenditure, Increase in private expenditure, Increase in foreign demand
Your Answer: Increase in public expenditure, Increase in foreign demand

Features of short run period are
Correct Answer: Supply of goods can be adjusted to the demand to some extent, Supply and demand determine the price, Some factors can be changed
Your Answer: Supply of goods can be adjusted to the demand to some extent, Supply and demand determine the price, Some factors can be changed

Features of stage of expansion in business cycle are
Correct Answer: Rise in national output, Rise in consumer and capital expenditure, Bank advances grow rapidly
Your Answer: Rise in national output, Rise in consumer and capital expenditure, Bank advances grow rapidly

Explicit costs are
Correct Answer: Out of pocket costs, These are firms accounting expenses, Expenditure costs
Your Answer: Out of pocket costs, These are firms accounting expenses, Expenditure costs

Features of the firm are
Correct Answer: It is a business unit organized under one ownership, It is a sole proprietorship, It is a partnership or joint stock company
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Features of an Industry are
Correct Answer: All firms dealing in the same line of business, The ownership and management of each firm is different, Is a group of firms
Your Answer: All firms dealing in the same line of business, The ownership and management of each firm is different, Is a group of firms
The fiscal policy includes
Correct Answer : Monitoring of public expenditure, Formation of taxation policy, It is an instrument for economic stabilization
Your Answer : Formation of taxation policy, It is an instrument for economic stabilization, Monitoring of public expenditure

Phases of business cycle
Correct Answer : Expansion, Peak, Recession
Your Answer : Expansion, Peak, Recession, Trough

Assumptions underlying the law of Supply are
Correct Answer : The cost of production is unchanged, No change in technique of production, Government policies are unchanged
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The payments made out of the Gross Profit are
Correct Answer : Remuneration to factors of production, Depreciation, Maintenance Charges
Your Answer : Remuneration to factors of production, Depreciation, Maintenance Charges

Co-operative organizations is
Correct Answer : voluntary organization, managed by democratic principle, organization, which performs its business within the members
Your Answer : voluntary organization, managed by democratic principle, organization, which performs its business within the members, non profit motive organization

In case of defense services, all the sections of the society are equally protected and benefited. The defense services in other words is
Correct Answer : indivisible in character, cannot be priced in the market, a public good
Your Answer : indivisible in character, cannot be priced in the market

Preference Shares can be classified as
Correct Answer : Simple Shares, Cumulative Shares, Redeemable Shares
Your Answer : Simple Shares, Redeemable Shares

The sole proprietorship type of organization is found in
Correct Answer : Agriculture, Retail trade, Hotel,
Your Answer : Agriculture, Retail trade, Hotel,

Co-operative organizations is
Correct Answer : voluntary organization, managed by democratic principle, organization, which performs its business within the members
Your Answer : voluntary organization, managed by democratic principle, non profit motive organization
Profit is regarded as
Correct Answer : income accruing to the equity holders, wages accrue to the labour, rent accrue to the owner
Your Answer : income accruing to the equity holders, rent accrue to the owner

Reasons for change in Demand (Increase or Decrease in Demand)
Correct Answer : Change income of consumer, Change in population, Change in fashion and customs
Your Answer : Change income of consumer, Change in population, Change in fashion and customs

The production function can be explained by
Correct Answer : Law of variable proportions, Laws of returns to scale, Optimum combinations of inputs
Your Answer : Law of variable proportions, Laws of returns to scale

Macro Economics is the study of
Correct Answer : The aggregate behavior of the economy, The behavior of economic agents, Problems such as the rates of inflation, the balance of payments, etc
Your Answer : The aggregate behavior of the economy, Problems such as the rates of inflation, the balance of payments, etc, Economic welfare

The subject matter of Micro economics includes the study of
Correct Answer : an individual consumer, particular market for a given commodity, operation of a firm
Your Answer : an individual consumer, particular market for a given commodity, major economic issues, problems & policies

16. The phase of recovery denotes
Correct Answer : More employment opportunities, Increase in profitability, Wage rate increase
Your Answer : More employment opportunities, Increase in profitability, Wage rate increase

Quantitative credit control measures are
Correct Answer : open market operations, changes in bank rates, changes in statutory reserve ratio
Your Answer : open market operations, moral suasion

The disinvestments of industries is needed for
Correct Answer : Phased privatization, Reducing deficit, Capital support to plans
Your Answer : Phased privatization, Reducing deficit, Capital support to plans

The advantage of cost-benefit analysis are
Correct Answer : Maximization of social welfare, Objective easurement of the trade-off, Maximization of difference between total benefits & total costs
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Correct Answer  :  maximum satisfaction, balance, stationary
Your Answer  :  maximum satisfaction, balance

According to Keynes, Aggregate supply function refers to
Correct Answer  :  the minimum price of revenue which the entrepreneurs must get, Associated with different levels of employment, Explains that the level of output varies with the level of employment
Your Answer  :  the minimum price of revenue which the entrepreneurs must get, Associated with different levels of employment, Explains that the level of output varies with the level of employment

Marginal Propensity to consume is characterized as follows
Correct Answer  :  It is defined as the ratio of the change in consumption to the change in income, It is rate of change in the average propensity to consume as income changes, It is derived by the formula mpc= change in c/change in y
Your Answer  :  It is rate of change in the average propensity to consume as income changes, It is derived by the formula mpc= change in c/change in y, It is derived by dividing the change in income by change in the consumption expenditure

The meaning of monetary policy is
Correct Answer  :  It is programmed of the central bank, It controls the total supply of money, The basic objective is to achieve economic stability
Your Answer  :  It is programmed of the central bank, It controls the total supply of money, The basic objective is to achieve economic stability
Main aims of the New Industrial Policy (1991) are
Correct Answer : To unshackle the indian industrial economy from the cobwebs of unnecessary bureaucratic control, To introduce liberalization with a view to integrate the indian economy with the world economy, To remove restrictions on direct foreign investment as also to free the domestic entrepreneur from the restriction of MRTP act
Your Answer : To unshackle the indian industrial economy from the cobwebs of unnecessary bureaucratic control, To introduce liberalization with a view to integrate the indian economy with the world economy, To remove restrictions on direct foreign investment as also to free the domestic entrepreneur from the restriction of MRTP act

Objectives of economic policy are
Correct Answer : To increase the efficiency and international competitiveness of industrial production, To improve the performance and rationalize the scope of the public sector, To reform and modernize the financial sector
Your Answer : To increase the efficiency and international competitiveness of industrial production, To improve the performance and rationalize the scope of the public sector, To reform and modernize the financial sector

Features of monopolistic Competition
Correct Answer : Fairly Large number of firms, Product differentiation, Selling costs are existed
Your Answer : Fairly Large number of firms, Product differentiation, Selling costs are existed

Marginal Propensity to consume
Correct Answer : It is defined as the ratio of the change in consumption to the change in income, It is rate of change in the average propensity to consume as income changes, It is derived by the formula mpc= change in C/change in Y
Your Answer : It is defined as the ratio of the change in consumption to the change in income, It is derived by the formula mpc= change in C/change in Y, It is derived by dividing the change in income by change in the consumption expenditure

Investment
Correct Answer : It adds to capital equipments, It leads to increase in level of income, It includes new plant and equipment
Your Answer : It adds to capital equipments, It leads to increase in level of income, It includes new plant and equipment

Features of stage of expansion in business cycle are
Correct Answer : Rise in national output, Rise in consumer and capital expenditure, Bank advances grow rapidly
Your Answer : Rise in national output, Rise in consumer and capital expenditure, Bank advances grow rapidly
Characteristics of Depression
Correct Answer : Decrease in economic activities, The growth rate becomes negative, The level of national income declines rapidly
Your Answer : Decrease in economic activities, The growth rate becomes negative

Recession includes
Correct Answer : The demand is halted, Increase in production of goods, Inventories piling up in stocks
Your Answer : The demand is halted, Inventories piling up in stocks

The causes of inflation
Correct Answer : Increase in public expenditure, Increase in private expenditure, Increase in foreign demand
Your Answer : Increase in public expenditure, Increase in foreign demand, Increase in taxation

Forms of Public Enterprises
Correct Answer : Public Corporations, Departmental management, Company Management or management by boards
Your Answer : Departmental management, Public Corporations

Specific organizational goals of Firms are:
Correct Answer : Maximisation of profit, Reasonable Profit Target, Sales revenue Maximization
Your Answer : Maximisation of profit, Reasonable Profit Target, Sales revenue Maximization

Individual Demand Schedule:
Correct Answer : Is in tabular form, It shows the prices of goods, It shows the quantities of a commodity purchased
Your Answer : Is in tabular form, It shows the prices of goods, It shows the quantities of a commodity purchased

The production function can be explained by:
Correct Answer : Law of variable proportions, Laws of returns to scale, Optimum combinations of inputs
Your Answer : Law of variable proportions, Laws of returns to scale, Optimum combinations of inputs

Implicit costs are:
Correct Answer : Cost on self owned resources, Costs of salary of the proprietor, Interest on the entrepreneur's own investment
Your Answer : Cost on self owned resources, Interest on the entrepreneur's own investment

Index numbers may broadly be classified as
Correct Answer : Price indices, Quantity indices, Special purpose indices
Your Answer : rice indices, Quantity indices, Special purpose indices
Forms of Public Enterprises
Correct Answer: departmental management, company management or management by boards, public corporations
Your Answer: departmental management, company management or management by boards, public corporations

The examples of negative externalities are
Correct Answer: nuclear power plants, gargantuan trucks, unsafe factories
Your Answer: nuclear power plants, gargantuan trucks, unsafe factories

Cost-Benefit Analysis is
Correct Answer: The analysis undertaken to judge the investment of any project, Refers to finding out the worth of investment, Enable ranking of optional investments
Your Answer: The analysis undertaken to judge the investment of any project, Refers to finding out the worth of investment, Enable ranking of optional investments

The railways use a lot of coal in firing the steam locomotives. This act causes
Correct Answer: a lot of sufferings to the people near the railway, cost to the society, no cost to the railways.
Your Answer: lot of sufferings to the people near the railway, cost to the society, no cost to the railways.

Marginal cost pricing explains that the
Correct Answer: Price charged should be equal to the marginal cost, Cost price sets the lower limits for firm's price, Cost price ensures the possible level of profitability
Your Answer: Price charged should be equal to the marginal cost, Cost price sets the lower limits for firm's price, Cost price ensures the possible level of profitability

Characteristics of Pure Public goods are:
Correct Answer: They are completely indivisible, Their marginal cost would be zero or close to zero, Their benefits cannot be priced
Your Answer: They are completely indivisible, Their marginal cost would be zero or close to zero, Their benefits cannot be priced

Major types of costs are
Correct Answer: Accounting costs, Economic costs, Opportunity costs
Your Answer: Accounting costs, Economic costs, Opportunity costs

Quantitative credit control measures are
Correct Answer: open market operations, changes in bank rates, changes in statutory reserve ratio
Your Answer: open market operations, changes in bank rates, changes in statutory reserve ratio
Methods of forecasting demand for new products are
Correct Answer: Product life cycle analysis, Test marketing, Evolutionary approach
Your Answer: Product life cycle analysis, Test marketing, Evolutionary approach

Features of short run period are
Correct Answer: Supply of goods can be adjusted to the demand to some extent, Supply and demand determine the price, Some factors can be changed
Your Answer: Supply of goods can be adjusted to the demand to some extent, Supply and demand determine the price, Some factors can be changed

Reasons for need of public distribution system are
Correct Answer: To maintain stable price conditions, To bring an efficient management of the supply, To supply the necessary goods to people at reasonable price
Your Answer: To maintain stable price conditions, To bring an efficient management of the supply, To supply the necessary goods to people at reasonable price

Accounting profit includes
Correct Answer: wages, rent, interest
Your Answer: wages, rent, interest

The fiscal policy includes
Correct Answer: Formation of taxation policy, It is an instrument for economic stabilization, Monitoring of public expenditure
Your Answer: Formation of taxation policy, It is an instrument for economic stabilization, Monitoring of public expenditure

Causes for rise in prices in India
Correct Answer: Mounting government expenditure, Deficit financing and increase in money supply, Role of black money
Your Answer: Mounting government expenditure, Deficit financing and increase in money supply, Increase in demand

Exceptions to the Law of Demand are
Correct Answer: Giffen goods, Articles of snob appeal, Speculation
Your Answer: Giffen goods, Articles of snob appeal, Speculation

In the cost-benefit analysis, the first step involved is that the investor has to choose a few project alternatives promising a
Correct Answer: high rate of return
Your Answer: high rate of return
In the Dynamic Theory of Profit, Prof. Clark has pointed out the types of changes, which are
C**orrect Answer**: Changes in the supply of capital, Changes in population, Changes in the techniques of production
Y**our Answer**: Changes in the supply of capital, Changes in population, Changes in the techniques of production

Types of imperfect competition are
C**orrect Answer**: Monopoly, Duopoly, Oligopoly
Y**our Answer**: Monopoly, Duopoly, Oligopoly

Types of Share capital of Joint-Stock Company are
C**orrect Answer**: registered or authorized capital, issued capital, paid-up capital
Y**our Answer**: registered or authorized capital, issued capital, paid-up capital

reasonable profit' are
C**orrect Answer**: Capital Attraction, Plough Back, Normal earnings
Y**our Answer**: Capital Attraction, Plough Back, Normal earnings

Features of Long -run market are
C**orrect Answer**: It is durable goods market, Supply can be increased or reduced according to the demand, Sellers at least recover minimum price for their goods
Y**our Answer**: It is durable goods market, Supply can be increased or reduced according to the demand, Sellers at least recover minimum price for their goods

The market system of economy is based on the following foundations:
C**orrect Answer**: Consumer's Sovereignty, Non-interference by the state, Private Profit Motive
Y**our Answer**: Consumer's Sovereignty, Private Profit Motive, Existence of monopoly

Features of market period are
C**orrect Answer**: Related to few hours or few days, Related to perishable goods, The entire supply is to be disposed off on the same day
Y**our Answer**: Related to few hours or few days, Related to perishable goods, The entire supply is to be disposed off on the same day

Increasing Returns explains
C**orrect Answer**: Total product increases at an increasing rate, Marginal product increasing and it is maximum, Average product is increasing but it is below MP
Y**our Answer**: Total product increases at an increasing rate, Marginal product increasing and it is maximum, Average product is increasing but it is below MP
Scope of Managerial Economics deals with
Correct Answer: Demand analysis and forecasting, Production function & cost analysis, Inventory management advertising, price system
Your Answer: Demand analysis and forecasting, Production function & cost analysis, Inventory management advertising, price system

Features of Long-run market are
Correct Answer: It is durable goods market, Supply can be increased or reduced according to the demand, Sellers at least recover minimum price for their goods
Your Answer: It is durable goods market, Supply can be increased or reduced according to the demand, Sellers at least recover minimum price for their goods

Important theories of profits are
Correct Answer: Uncertainty-bearing theory of profit, Dynamic theory of profit, Life cycle theory
Your Answer: Risk taking theory, Uncertainty-bearing theory of profit, Dynamic theory of profit

The promoters of a company can get incorporated by filing with the registrar of companies various documents such as
Correct Answer: Memorandum of Association, Articles of Association, Prospectus
Your Answer: Memorandum of Association, Articles of Association

The features of business or trade cycle are
Correct Answer: It is a wave-like movement, These fluctuations are recurrent in nature, Expansion and contraction in trade cycle are cumulative in effect
Your Answer: It is a wave-like movement, These fluctuations are recurrent in nature, Expansion and contraction in trade cycle are cumulative in effect

The advantage of cost-benefit analysis are
Correct Answer: Maximization of social welfare, Objective measurement of the trade-off, Maximization of difference between total benefits & total costs
Your Answer: Objective measurement of the trade-off, Maximization of difference between total benefits & total costs, Applicable only in partial equilibrium framework.

The important determinants of supply are
Correct Answer: Always referred to in relation to price & time, Government policy, Availability of factors of production
Your Answer: Availability of factors of production, Tastes and preferences of producer
The features of a Joint Stock-Company are
Correct Answer : perpetual succession, limited liability, free transferability of shares
Your Answer : perpetual succession, limited liability, free transferability of shares

Average propensity to consume is characterized as follows
Correct Answer : the ratio of consumption expenditure to any particular level of income, It is found by dividing consumption expenditure by income, It is expressed as the percentage of income consumed
Your Answer : the ratio of consumption expenditure to any particular level of income, It is found by dividing consumption expenditure by income, It is expressed as the percentage of income consumed

Individual Demand Schedule
Correct Answer : Is in tabular form, It shows the prices of goods, It shows the quantities of a commodity purchased
Your Answer : Is in tabular form, It shows the prices of goods, It shows the quantities of a commodity purchased

Methods of measurement of elasticity are
Correct Answer : Percentage method, Point elasticity method, Total outlay expenditure method
Your Answer : Percentage method, Point elasticity method, Unitary elastic demand method

Demand forecasts are necessary for
Correct Answer : Fulfillment of objective of the plans, Preparation of a budget, Expansion of firms
Your Answer : Fulfillment of objective of the plans, Preparation of a budget, Expansion of firms

Forecasts can be made at the level of
Correct Answer : A firm, An industry, The nation
Your Answer : A firm, An industry

The entrepreneur gets Pure Profit for :-
Correct Answer : Undertaking risk & uncertainty, For co-ordination & organizing production, For innovation
Your Answer : Undertaking risk & uncertainty, For innovation, For generating employment

Features of Dumping are :-
Correct Answer : It is possible in the case of monopoly market, Selling same good at higher price in home market and at lower price in international market, It is encouraged with a view to promote the exports
Your Answer : It is possible in the case of monopoly market, Selling same good at higher price in home market and at lower price in international market, It is encouraged with a view to promote the exports
The phase of recovery denotes:
Correct Answer: More employment opportunities, Increase in profitability, Wage rate increase
Your Answer: Increase in profitability, Inventories decrease

Demand Curve:
Correct Answer: Is a graphical presentation, Slopes downward, Explain the relation between price and demand
Your Answer: Is a graphical presentation, Slopes downward, Explain the relation between price and demand

Distinction between private sector and public sector is determined on the basis of:
Correct Answer: Economic system, Motive, Principle of pricing
Your Answer: Economic system, Motive, Principle of pricing

Government intervention is needed in free market mechanism to:
Correct Answer: Provide employment to all who willing to work at prevailing wage rate, Factors of production which are optimally allocated between the various industries, Get sufficient income to meet their basic needs by all
Your Answer: Provide employment to all who willing to work at prevailing wage rate, Factors of production which are optimally allocated between the various industries, Get sufficient income to meet their basic needs by all

Demand is determined by:
Correct Answer: Price of the product, Relative prices of other goods, Tastes and habits
Your Answer: Price of the product, Tastes and habits

The payments made out of the Gross Profit are:
Correct Answer: Remuneration to factors of production, Depreciation, Maintenance Charges
Your Answer: Remuneration to factors of production, Depreciation, Maintenance Charges

Types of income elasticity of demand:
Correct Answer: Negative income elasticity, Zero income elasticity, Unit income elasticity
Your Answer: Negative income elasticity, Zero income elasticity, Unit income elasticity

The causes of inflation are:
Correct Answer: Increase in public expenditure, Increase in private expenditure, Increase in foreign demand
Your Answer: Increase in public expenditure, Increase in private expenditure, Increase in foreign demand
In case of defense services, all the sections of the society are equally protected and benefited. The defense services in other words is:

**Correct Answer**: Indivisible in character, Cannot be priced in the market, A public good

**Your Answer**: Indivisible in character, Cannot be priced in the market, A public good

Methods of forecasting demand for new products are:

**Correct Answer**: Product life cycle analysis, Test marketing, Evolutionary approach

**Your Answer**: Product life cycle analysis, Test marketing, Evolutionary approach

The promoters of a company can get incorporated by filing with the registrar of companies various documents such as:

**Correct Answer**: Memorandum of Association, Articles of Association, Prospectus

**Your Answer**: Articles of Association, Prospectus

Features of public sector enterprises

**Correct Answer**: it is controlled by the state, separate funds to undertake their activity, they are accountable to public

**Your Answer**: it is controlled by the state, separate funds to undertake their activity, they are accountable to public

The production function studies

**Correct Answer**: Input and output relation, Factors of production and final production, Technology used in production

**Your Answer**: Input and output relation, Factors of production and final production, Demand for production

Features of an Industry are

**Correct Answer**: All firms dealing in the same line of business, The ownership and management of each firm is different, Is a group of firms

**Your Answer**: All firms produce different goods, All firms dealing in the same line of business, The ownership and management of each firm is different

The characteristics of a sole proprietorship firm is

**Correct Answer**: Unlimited Capital, Ownership by a single person, Easy to form

**Your Answer**: Ownership by a single person, Easy to form

Types of Share capital of Joint-Stock Company are

**Correct Answer**: registered or authorized capital, issued capital, paid-up capital

**Your Answer**: registered or authorized capital, issued capital, paid-up capital
Different types of Elasticity of Demand are
Correct Answer : Price elasticity of demand, Income elasticity of demand, Cross elasticity of demand
Your Answer : Price elasticity of demand, Income elasticity of demand, Cross elasticity of demand

In case of defense services, all the sections of the society are equally protected and benefited. The defense services in other words is
Correct Answer : indivisible in character, cannot be priced in the market, a public good
Your Answer : indivisible in character, cannot be priced in the market

Individual Demand Schedule
Correct Answer : Is in tabular form, It shows the prices of goods, It shows the quantities of a commodity purchased
Your Answer : Is in tabular form, It shows the prices of goods, It shows the quantities of a commodity purchased

Main aims of the New Industrial Policy (1991) are
Correct Answer : To unshackle the indian industrial economy from the cobwebs of unnecessary bureaucratic control, To introduce liberalization with a view to integrate the indian economy with the world economy, To remove restrictions on direct foreign investment as also to free the domestic entrepreneur from the restriction of MRTP act
Your Answer : To unshackle the indian industrial economy from the cobwebs of unnecessary bureaucratic control, To introduce liberalization with a view to integrate the indian economy with the world economy, To remove restrictions on direct foreign investment as also to free the domestic entrepreneur from the restriction of MRTP act

In the Dynamic Theory of Profit, Prof. Clark has pointed out the types of changes, which are
Correct Answer : Changes in the supply of capital, Changes in population, Changes in the techniques of production
Your Answer : Changes in the supply of capital, Changes in population, Changes in the techniques of production

Reasons for need of public distribution system are
Correct Answer : To maintain stable price conditions, To bring an efficient management of the supply, To supply the necessary goods to people at reasonable price
Your Answer : To maintain stable price conditions, To bring an efficient management of the supply, To supply the necessary goods to people at reasonable price

The important determinants of supply are
Correct Answer : Always referred to in relation to price & time, Government policy, Availability of factors of production
Your Answer : Always referred to in relation to price & time, Government policy, Availability of factors of production
Increasing Returns explains
Correct Answer : Total product increases at an increasing rate, Marginal product increasing and it is maximum, Average product is increasing but it is below MP
Your Answer : Total product increases at an increasing rate, Marginal product increasing and it is maximum, Average product is increasing but it is below MP

Implicit costs are
Correct Answer : Cost on self owned resources, Costs of salary of the proprietor, Interest on the entrepreneur's own investment
Your Answer : Cost on self owned resources, Costs of salary of the proprietor, Interest on the entrepreneur's own investment

Characteristics of the phase of Depression are
Correct Answer : Decrease in economic activities, The growth rate becomes negative, The level of national income declines rapidly
Your Answer : Decrease in economic activities, The growth rate becomes negative, The level of national income declines rapidly

Break-Even analysis is derived by
Correct Answer : Fixed cost, Average variable cost, Quantity of goods and price
Your Answer : Fixed cost, Average variable cost, Quantity of goods and price

Managerial economics deals with
Correct Answer : Integration of economic theory with business practice, Using logic of economics, mathematics & statistics, The use of economic modes of thought to analyze business solution
Your Answer : Integration of economic theory with business practice, Using logic of economics, mathematics & statistics, The use of economic modes of thought to analyze business solution

Price discrimination is possible in case of
Correct Answer : public utilities with legal sanction, personnel services sold, geographical barriers
Your Answer : public utilities with legal sanction, personnel services sold, geographical barriers

The methods of calculating depreciation is
Correct Answer : Diminishing Balance Method, Annuity Method, Service Unit Method
Your Answer : Diminishing Balance Method, Annuity Method, Service Unit Method

A competitive industry has three basic characteristics
Correct Answer : Large Number of Firms, Homogeneous Product, Free entry and exit
Your Answer : Large Number of Firms, Homogeneous Product, Free entry and exit

The factors of production are
Correct Answer : Labour, Land, Capital
Your Answer : Labour, Land, Profit
Important theories of profits are
**Correct Answer**: Uncertainty-bearing theory of profit, Dynamic theory of profit, Life cycle theory
**Your Answer**: Risk taking theory, Uncertainty-bearing theory of profit, Dynamic theory of profit

Demand is determined by
**Correct Answer**: Price of the product, Relative prices of other goods, Tastes and habits
**Your Answer**: Price of the product, Relative prices of other goods, Tastes and habits

Under cost plus pricing
**Correct Answer**: The price is set to cover material, labour cost, Actual costs, standard costs are included, Certain percentage of profit also included
**Your Answer**: The price is set to cover material, labour cost, Actual costs, standard costs are included, Certain percentage of profit also included

Steps in cost benefit analysis
**Correct Answer**: Identification of a project, Formulation of the project, Appraisal and selection of the project
**Your Answer**: Identification of a project, Formulation of the project, Appraisal and selection of the project

We say that a nation faces economic problems, under following conditions
**Correct Answer**: Man has unlimited wants or ends, The means or resources to satisfy them are limited, These resources are not specific but have alternative uses
**Your Answer**: Man has unlimited wants or ends, The means or resources to satisfy them are limited, These resources are not specific but have alternative uses

The Laws of Returns to scale are
**Correct Answer**: Law of Increasing Returns to Scale, Law of Constant Returns to Scale, Law of Decreasing Returns to scale
**Your Answer**: Law of Increasing Returns to Scale, Law of Constant Returns to Scale, Law of Decreasing Returns to scale

Investment is significant because
**Correct Answer**: Addition to the real capital assets, It leads to increase in level of income, Increases accumulated wealth of the society
**Your Answer**: Addition to the real capital assets, It leads to increase in level of income, Increases accumulated wealth of the society

Factors influencing selling costs are
**Correct Answer**: Type of product, Introduction of new goods, Technology changes
**Your Answer**: Type of product, Introduction of new goods, Advertising by customers
The important determinants of supply are
Correct Answer : Always referred to in relation to price & time ,
Government policy , Availability of factors of production
Your Answer : Always referred to in relation to price & time ,
Government policy , Availability of factors of production

Features of monopolistic Competition are
Correct Answer : Fairly large number of firms , Product differentiation ,
Selling costs are existed
Your Answer : Fairly large number of firms , Product differentiation ,
Selling costs are existed

**Select The Blank**

The sum of all individual demands constitutes ________
Correct Answer : market demand
Your Answer : market demand

The cost which enter the accounts book of the firm are referred as ________.
Correct Answer : Accounting cost
Your Answer : Accounting cost

If the output rises in the greater proportion than that of the increase in factor inputs, it is referred to as ________.
Correct Answer : increasing returns to scale.
Your Answer : increasing returns to scale.

An upward sloping demand curve is called ________
Correct Answer : exceptional demand curve
Your Answer : exceptional demand curve

In the 3rd stage of operation of the law of variable proportions, the marginal product becomes ________.
Correct Answer : negative
Your Answer : negative

By ' profits', the accountant means total revenue minus ________.
Correct Answer : Explicit costs
Your Answer : Explicit costs

Supply is predominantly determined by ________.
Correct Answer : stock
Your Answer : demand

The form of organization which is best for self employment is ________.
Correct Answer : Sole trader
Your Answer : Sole trader
Perfectly elastic demand curve is ________
Correct Answer : horizontal
Your Answer : horizontal

In the context of formulating an investment project, ________ feasibility means the availability of supervisors for implementing and running the project smoothly and professionally.
Correct Answer : management
Your Answer : management

The goods become ________ only when each individual has an access to the entire amount of it and its use by the individual does not reduce its availability to others.
Correct Answer : indivisible
Your Answer : public

The externality which causes an economic gain or an economic loss to other economic units is also referred to as ________ externality.
Correct Answer : Pecuniary
Your Answer : Economic

In a market economy ________ is the best judge of personal interest.
Correct Answer : individual
Your Answer : firm

Reasonable profit target as an alternative to the objective of profit maximization was suggested by ________.
Correct Answer : Joel Dean
Your Answer : Joel Dean

The form of organization which is best for self employment is ________.
Correct Answer : Sole trader
Your Answer : Sole trader

The index numbers which measure the changes in the general price level of a country refers to ________
Correct Answer : Wholesale prices index
Your Answer : Wholesale prices index

Output rises in a lesser proportion to that of the increase in input, under the case of ________.
Correct Answer : decreasing returns to scale
Your Answer : decreasing returns to scale

If the output rises in the greater proportion than that of the increase in factor inputs, it is referred to as ________.
Correct Answer : increasing returns to scale.
Your Answer : increasing returns to scale.

Cost-Benefit analysis aims at ________ of social wealth.
Correct Answer : maximization
Your Answer : maximization
Modern economists treat social cost and benefits as _______ of private investment and production decisions.
Correct Answer : externalities
Your Answer : externalities

Baumol has suggested as an alternative objective for profit maximization, the maximization of _______.
Correct Answer : sales
Your Answer : sales

The partnership between private sector & government is called _______.
Correct Answer : Joint sector enterprise
Your Answer : Joint sector enterprise

The minimum number of directors which public limited should have is _______.
Correct Answer : 3
Your Answer : 3

A normal demand curve has _______.
Correct Answer : negative slope
Your Answer : negative slope

The law of constant returns to scale is depicted by the marginal output curve which is _______.
Correct Answer : horizontal
Your Answer : upward sloping

In the 3rd stage of operation of the law of variable proportions, the marginal product becomes _______.
Correct Answer : negative
Your Answer : negative

The costs which cover the cost of advertising is _______.
Correct Answer : Selling cost
Your Answer : Selling cost

Cost-benefit analysis refers to the analysis undertaken to judge any projects _______ whether government or private and find out its _______ and facilities its comparison with other available oppor
Correct Answer : investments
Your Answer : investments
Correct Answer : worth
Your Answer : profit

In the _______ terminology, the _______ demand function refers to the schedule of maximum sales proceeds, which the entrepreneurial community actually does expect to be received from the sale of
Correct Answer : Keynesian
Your Answer : Keynesian
Correct Answer : aggregate
Your Answer : total
The rate of interest, according to ________, depends upon two factors: (i) ________ and (ii) the quantity of money
Correct Answer : Keynes
Your Answer : Keynes
Correct Answer : the liquidity preference function
Your Answer : speculative

Managerial ________s generally refers to the integration of economic theory with ________ practice.
Correct Answer : economic
Your Answer : economic
Correct Answer : business
Your Answer : business

The problem of unlimited wants and limited ________ with ________ uses has been forever confronting mankind.
Correct Answer : means
Your Answer : means
Correct Answer : alternative
Your Answer : alternative

As per the International Labour Organisation (ILO), _ ________ is a ________ association of individuals with limited income on the basis of equal rights and responsibilities for achieving certa
Correct Answer : Co-operation
Your Answer : Co-operation
Correct Answer : voluntary
Your Answer : voluntary

Like all organism, the ________, too is an organism, according to the ________ theory.
Correct Answer : firm
Your Answer : firm
Correct Answer : life-cycle theory
Your Answer : homeostatic theory

The ________-taking theory was developed by the ________. According to him, profit arises because considerable amount of risk is involved in business.
Correct Answer : American economist Hawley
Your Answer : risk
Correct Answer : American economist Hawley
Your Answer : risk

The extent of the change of demand for a commodity to a given change in ________, other demand determinants remaining constant, is termed as the ________ of demand.
Correct Answer : price
Your Answer : price
Correct Answer : price elasticity
Your Answer : price elasticity
Indices constructed for one ________ should not be ________ for other purposes where they not be fully appropriate and given erroneous conclusions.

Correct Answer : purpose
Your Answer : purpose
Correct Answer : used
Your Answer : used

The law of diminishing returns states that, ‘as the proportion of one factor in a combination of factors is ________ after a point, first the ________ and then the average product of that factor w

Correct Answer : increased
Your Answer : increased
Correct Answer : marginal
Your Answer : marginal

Cost-benefit analysis refers to the analysis undertaken to judge any projects ________ whether government or private and find out its ________ and facilities its comparison with other available oppor

Correct Answer : investments
Your Answer : investments
Correct Answer : worth
Your Answer : profit

In the ________ terminology, the ________ demand function refers to the schedule of maximum sales proceeds, which the entrepreneurial community actually does expect to be received from the sale of

Correct Answer : Keynesian
Your Answer : Keynesian
Correct Answer : aggregate
Your Answer : total

The rate of interest, according to ________ , depends upon two factors: (i) ________ and (ii) the quantity of money

Correct Answer : Keynes
Your Answer : Keynes
Correct Answer : the liquidity preference function
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Managerial ________s generally refers to the integration of economic theory with ________ practice.

Correct Answer : economic
Your Answer : economic
Correct Answer : business
Your Answer : business

The problem of unlimited wants and limited ________ with ________ uses has been forever confronting mankind.

Correct Answer : means
Your Answer : means
Correct Answer : alternative
Your Answer : alternative
As per the International Labour Organisation (ILO), _Co-operation_ is a voluntary association of individuals with limited income on the basis of equal rights and responsibilities for achieving certa

Correct Answer : Co-operation  
Your Answer : Co-operation  
Correct Answer : voluntary  
Your Answer : voluntary

Like all organism, the _firm_, too is an organism, according to the _life-cycle theory_.

Correct Answer : firm  
Your Answer : firm  
Correct Answer : life-cycle theory  
Your Answer : homeostatic theory

The _risk_-taking theory was developed by the _American economist Hawley_. According to him, profit arises because considerable amount of risk is involved in business.

Correct Answer : American economist Hawley  
Your Answer : risk  
Correct Answer : risk  
Your Answer : American economist Hawley

The extent of the change of demand for a commodity to a given change in _price_, other demand determinants remaining constant, is termed as the _price elasticity_ of demand.

Correct Answer : price  
Your Answer : price  
Correct Answer : price elasticity  
Your Answer : price elasticity

Indices constructed for one _purpose_ should not be _used_ for other purposes where they not be fully appropriate and given erroneous conclusions.

Correct Answer : purpose  
Your Answer : purpose  
Correct Answer : used  
Your Answer : used

The law of diminishing returns states that, ‘as the proportion of one factor in a combination of factors is _increased_ after a point, first the _marginal_ and then the average product of that factor w

Correct Answer : increased  
Your Answer : increased  
Correct Answer : marginal  
Your Answer : marginal

Modern economists treat social cost and benefits as _externalities_ of private investment and production decisions.

Correct Answer : externalities  
Your Answer : disadvantages
Economists like A.C. Harberger have shown that the cost benefit analysis can be applied to ________ analysis.
Correct Answer : general equilibrium
Your Answer : general equilibrium

In the context of formulating an investment project, ________ feasibility means the availability of supervisors for implementing and running the project smoothly and professionally.
Correct Answer : management
Your Answer : management

Prof. Sam Nelson calls risks from unsafe factories or nuclear power plants as ________ economies.
Correct Answer : negative
Your Answer : hazardous

Reasonable profit target as an alternative to the objective of profit maximization was suggested by ________.
Correct Answer : Joel Dean
Your Answer : Joel Dean

“Homeostatic Approach” as an alternative objective of firms was suggested by ________.
Correct Answer : Prof. Kenneth Boulding
Your Answer : Prof. Kenneth Boulding

The form of organization which is best for self employment is ________.
Correct Answer : Sole trader
Your Answer : Sole trader

An upward sloping demand curve is called ________
Correct Answer : exceptional demand curve
Your Answer : exceptional demand curve

Goods which are paradoxical to the law of demand are ________
Correct Answer : Giffen goods,
Your Answer : Giffen goods,

Output rises in a lesser proportion to that of the increase in input, under the case of ________.
Correct Answer : decreasing returns to scale
Your Answer : decreasing returns to scale

The cost which enter the accounts book of the firm are referred as ________.
Correct Answer : Accounting cost
Your Answer : Accounting cost
Greater scope for the ______ sector may mean incremental ______, which connotes the expansion of public sector undertakings, can be left to some private companies
Correct Answer : private
Your Answer : investment
Correct Answer : disinvestments
Your Answer : growth

Where ______ is charging a ______ in the home market and a lower price in the international market, it is called Dumping
Correct Answer : monopolist
Your Answer : a firm
Correct Answer : higher price
Your Answer : higher price

The number of sellers operating under this type of competition is ______ under oligopoly, but less than under ______
Correct Answer : larger than
Your Answer : complementary
Correct Answer : perfect competition
Your Answer : perfect competition

The rate of interest, according to ______, depends upon two factors: (i) ______ and (ii) the quantity of money
Correct Answer : Keynes
Your Answer : Keynes
Correct Answer : the liquidity preference function
Your Answer : the liquidity preference function

In the words of ______, “inflation occurs when the ______ of prices and cost is rising”.
Correct Answer : Prof. Samuelson
Your Answer : Prof. Samuelson
Correct Answer : general level
Your Answer : general level

Managerial ______s generally refers to the integration of economic theory with ______ practice.
Correct Answer : economic
Your Answer : economic
Correct Answer : business
Your Answer : business

In a competitive industry, there is a large number of firms so that the action of ______ firm has ______ on the price and output of the whole industry.
Correct Answer : a single
Your Answer : a single
Correct Answer : no effect
Your Answer : no effect
As per the International Labour Organisation (ILO), _ __________ is a ________ association of individuals with limited income on the basis of equal rights and responsibilities for achieving certa
Correct Answer : Co-operation
Your Answer : Co-operation
Correct Answer : voluntary
Your Answer : voluntary

The word ________ has different meanings to businessmen, ________ , tax collectors, workers and economists and it is often used in a loose sense that buries its real significance
Correct Answer : Profit
Your Answer : Profit
Correct Answer : accountants
Your Answer : accountants

The demand curve is ________ representation of a demand schedule, demand curve slopes ________ ward from left to right.
Correct Answer : graphical
Your Answer : graphical
Correct Answer : down
Your Answer : down

The ________ that is ________ is the opportunity cost of the commodity produced.
Correct Answer : sacrificed
Your Answer : commodity
Correct Answer : commodity
Your Answer : sacrificed

Under monopoly, there is ________ seller who controls the entire ________ in the market
Correct Answer : only one
Your Answer : only one
Correct Answer : supply
Your Answer : supply

Under monopsony, there are ________ sellers but ________ buyer
Correct Answer : many
Your Answer : many
Correct Answer : only one
Your Answer : only one

By using cost-benefit analysis we can show the ________ necessary for attaining maximum ________ and optimal policy aiming at this goal
Correct Answer : measures
Your Answer : Gross Domestic Product
Correct Answer : net wealth
Your Answer : gross wealth
Aggregate supply function refers to a ________ of the various minimum amounts of proceeds or ________ , which must be expected to be received by the entrepreneur class from the sale of output result

Correct Answer : schedule
Your Answer : demand
Correct Answer : revenues
Your Answer : revenues

In the ________ terminology, the ________ demand function refers to the schedule of maximum sales proceeds, which the entrepreneurial community actually does expect to be received from the sale of

Correct Answer : Keynesian
Your Answer : Keynesian
Correct Answer : aggregate
Your Answer : aggregate

Economic theory provides the basis for the ________ _ making process, there is some difference between the generalization based on abstraction and actual practices. Besides economic theory, mat

Correct Answer : decision making
Your Answer : optimal
Correct Answer : statistics
Your Answer :

The resources of a society consist not only of the free gifts of nature such as ________ but also of ________ and of all sorts of man made aids to further production.

Correct Answer : land and minerals
Your Answer : land and minerals
Correct Answer : human capacity
Your Answer : human capacity

Individual or sole ________ , which is also called sole- ________ , or single entrepreneurship is the most common, the simplest and the oldest form of business organisation.

Correct Answer : proprietorship
Your Answer : proprietorship
Correct Answer : trader ship
Your Answer : trader ship

Nominal cost is the ________ cost of production, it is also called expenses of production. The real cost is the ________ cost of production.

Correct Answer : money
Your Answer : opportunity
Correct Answer : opportunity
Your Answer : gross
Costs may be classified as:
(a) ________, including material costs, wage cost and interest cost
(b) ________, including costs of advertising and (c) other costs, including insurance costs.

Correct Answer: Production costs
Your Answer: Selling costs
Correct Answer: Production costs
Your Answer: Selling costs

The costs of self-owned resources, which are employed by the ________, are non-expenditure or, ________

Correct Answer: firm
Your Answer: firm
Correct Answer: implicit costs
Your Answer: implicit costs

Under monopoly, there is ________ seller who controls the entire ________ in the market

Correct Answer: only one
Your Answer: only one
Correct Answer: supply
Your Answer: supply

Under monopsony, there are ________ sellers but ________ buyer

Correct Answer: many
Your Answer: many
Correct Answer: only one
Your Answer: only one

By using cost-benefit analysis we can show the ________ necessary for attaining maximum ________ and optimal policy aiming at this goal

Correct Answer: measures
Your Answer: Gross Domestic Product
Correct Answer: net wealth
Your Answer: gross wealth

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Correct Answer: schedule
Your Answer: demand
Correct Answer: revenues
Your Answer: revenues

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Correct Answer: Keynesian
Your Answer: Keynesian
Correct Answer: aggregate
Your Answer: aggregate
Economic theory provides the basis for the blank making process, there is some difference between the generalization based on abstraction and actual practices. Besides economic theory, mat
Correct Answer : decision making
Your Answer : optimal
Correct Answer : statistics
Your Answer :

The resources of a society consist not only of the free gifts of nature such as blank but also of blank and of all sorts of man made aids to further production.
Correct Answer : land and minerals
Your Answer : land and minerals
Correct Answer : human capacity
Your Answer : human capacity

Individual or sole blank, which is also called sole- blank, or single entrepreneurship is the most common, the simplest and the oldest form of business organisation.
Correct Answer : proprietorship
Your Answer : proprietorship
Correct Answer : trader ship
Your Answer : trader ship

Nominal cost is the blank cost of production, it is also called expenses of production. The real cost is the blank cost of production.
Correct Answer : money
Your Answer : opportunity
Correct Answer : opportunity
Your Answer : gross

Costs may be classified as: (a) blank, including material costs, wage cost and interest cost (b) blank, including costs of advertising and (c) other costs, including insurance ch
Correct Answer : Production costs
Your Answer : Production costs
Correct Answer : Selling costs
Your Answer : Selling costs

The costs of self owned resources, which are employed by the blank, are non- expenditure or blank
Correct Answer : firm
Your Answer : firm
Correct Answer : implicit costs .
Your Answer : implicit costs .

The externality which causes an economic gain or an economic loss to other economic units is also referred to as blank externality.
Correct Answer : Pecuniary
Your Answer : Social
The index numbers which are compiled to measure the changes in retail prices of various commodities refers to ________
Correct Answer : Retail prices index
Your Answer : Retail prices index

In the context of formulating an investment project, ________ feasibility means the availability of supervisors for implementing and running the project smoothly and professionally.
Correct Answer : management
Your Answer : management

The minimum number of directors which private limited should have is ________.
Correct Answer : 2
Your Answer : 2

In a market economy ________ is the best judge of personal interest.
Correct Answer : individual
Your Answer : individual

Sole Proprietorship which is also called sole ________
Correct Answer : tradership
Your Answer : tradership

By using cost-benefit analysis we can show the measures necessary for attaining maximum ________ and optimal policy aiming at this goal.
Correct Answer : net wealth
Your Answer : net domestic product

The partnership between private sector & government is called ________
Correct Answer : Joint sector enterprise
Your Answer : Joint sector enterprise

When demand for the product increases in the same proportion in which income increases, Income elasticity of demand will be equal to ________
Correct Answer : unity
Your Answer : unity

The cost which enter the accounts book of the firm are referred as ________.
Correct Answer : Accounting cost
Your Answer : Accounting cost

The persons who own the ________hip concern are called Partners.
Correct Answer : Partners
Your Answer : Partners

Perfectly elastic demand curve is ________
Correct Answer : horizontal
Your Answer : horizontal
While discussing the product divisibility of public and private goods, the principle of _______ may be applied in case of only those people who do not agree to pay or who cannot pay the market price.
Correct Answer : exclusion
Your Answer     : exclusion

Sole Proprietorship which is also called sole _______
Correct Answer : tradership
Your Answer     : tradership

The externality which causes an economic gain or an economic loss to other economic units is also referred to as _______ externality.
Correct Answer : Pecuniary
Your Answer     : Social

The indivisible goods to which the principle exclusion does not apply are called _______ goods.
Correct Answer : pure public
Your Answer     : pure public

Demand for safety pins is _______
Correct Answer : inelastic
Your Answer     : relatively inelastic

In a market economy _______ is the best judge of personal interest.
Correct Answer : individual
Your Answer     : firm

On the _______ level, the summation of maximum individual welfare does not automatically lead to maximum social welfare.
Correct Answer : macro
Your Answer     : micro

While discussing the product divisibility of public and private goods, the principle of _______ may be applied in case of only those people who do not agree to pay or who cannot pay the market price.
Correct Answer : exclusion
Your Answer     : exceptions

The goods become _______ only when each individual has an access to the entire amount of it and its use by the individual does not reduce its availability to others.
Correct Answer : indivisible
Your Answer     : public

In the context of formulation of an investment project, _______ feasibility means the availability of land, plant, machinery, raw materials and technical know how etc.
Correct Answer : technical
Your Answer     : technical
In a market economy ________ is the best judge of personal interest.
Correct Answer : individual
Your Answer : individual

A private limited company can be formed with 2 to 50 members maximum, excluding ________
Correct Answer : employee shareholders
Your Answer : Directors

Increase in consumer's income leads in the demand for inferior goods to ________
Correct Answer : decrease
Your Answer : decrease

Output rises in a lesser proportion to that of the increase in input, under the case of ________.
Correct Answer : decreasing returns to scale
Your Answer : decreasing returns to scale

The costs which cover the cost of advertising is ________.
Correct Answer : Selling cost
Your Answer : Incremental cost

The out of pocket costs are ________.
Correct Answer : Explicit costs
Your Answer : Explicit costs

By ' profits', the accountant means total revenue minus ________.
Correct Answer : Explicit costs
Your Answer : Fixed costs

Modern economists treat social cost and benefits as ________ of private investment and production decisions.
Correct Answer : externalities
Your Answer : disadvantages

Economists like A.C.Harberger have shown that the cost benefit analysis can be applied to ________ analysis.
Correct Answer : general equilibrium
Your Answer : general equilibrium

In the context of formulating an investment project, ________ feasibility means the availability of supervisors for implementing and running the project smoothly and professionally.
Correct Answer : management
Your Answer : management

Prof. Sam Nelson calls risks from unsafe factories or nuclear power plants as ________ economies.
Correct Answer : negative
Your Answer : hazardous
Reasonable profit target as an alternative to the objective of profit maximization was suggested by ________.
Correct Answer : Joel Dean
Your Answer : Joel Dean

“Homeostatic Approach” as an alternative objective of firms was suggested by ________.
Correct Answer : Prof. Kenneth Boulding
Your Answer : Prof. Kenneth Boulding

The form of organization which is best for self employment is ________.
Correct Answer : Sole trader
Your Answer : Sole trader

An upward sloping demand curve is called ________
Correct Answer : exceptional demand curve
Your Answer : exceptional demand curve

Goods which are paradoxical to the law of demand are ________
Correct Answer : Giffen goods, ,
Your Answer : Giffen goods, ,

Output rises in a lesser proportion to that of the increase in input, under the case of ________.
Correct Answer : decreasing returns to scale
Your Answer : decreasing returns to scale

The cost which enter the accounts book of the firm are referred as ________.
Correct Answer : Accounting cost
Your Answer : Accounting cost

Greater scope for the ________ sector may mean incremental ________ , which connotes the expansion of public sector undertakings, can be left to some private companies
Correct Answer : private
Your Answer : investment
Correct Answer : disinvestments
Your Answer : growth

Where ________ is charging a ________ in the home market and a lower price in the international market, it is called Dumping
Correct Answer : monopolist
Your Answer : a firm
Correct Answer : higher price
Your Answer : higher price

The number of sellers operating under this type of competition is ________ under oligopoly, but less than under ________
Correct Answer : larger than
Your Answer : complementary
Correct Answer : perfect competition
Your Answer : perfect competition
The rate of interest, according to ________, depends upon two factors: (i) ________ and (ii) the quantity of money
Correct Answer : Keynes
Your Answer : Keynes
Correct Answer : the liquidity preference function
Your Answer : the liquidity preference function

In the words of ________, “inflation occurs when the ________ of prices and cost is rising”.
Correct Answer : Prof. Samuelson
Your Answer : Prof. Samuelson
Correct Answer : general level
Your Answer : general level

Managerial ________s generally refers to the integration of economic theory with ________ practice.
Correct Answer : economic
Your Answer : economic
Correct Answer : business
Your Answer : business

In a competitive industry, there is a large number of firms so that the action of ________ firm has ________ on the price and output of the whole industry.
Correct Answer : a single
Your Answer : a single
Correct Answer : no effect
Your Answer : no effect

As per the International Labour Organisation (ILO), _ ________ is a ________ association of individuals with limited income on the basis of equal rights and responsibilities for achieving certa
Correct Answer : Co-operation
Your Answer : Co-operation
Correct Answer : voluntary
Your Answer : voluntary

The word ________ has different meanings to businessmen, ________, tax collectors, workers and economists and it is often used in a loose sense that buries its real significance
Correct Answer : Profit
Your Answer : Profit
Correct Answer : accountants
Your Answer : accountants

The demand curve is ________ representation of a demand schedule, demand curve slopes ________ ward from left to right.
Correct Answer : graphical
Your Answer : graphical
Correct Answer : down
Your Answer : down
The ________ that is ________ is the opportunity cost of the commodity produced.
Correct Answer : sacrificed
Your Answer : commodity
Correct Answer : commodity
Your Answer : sacrificed

The financing of ________ goods is done through public expenditure.
Correct Answer : public
Your Answer : public

Output rises in a lesser proportion to that of the increase in input, under the case of ________.
Correct Answer : decreasing returns to scale
Your Answer : decreasing returns to scale

The chemical effluents recklessly released by a chemical factory in the river causing water pollution, is an example of ________ cost.
Correct Answer : social
Your Answer : environmental

By 'profits', the economist means total revenue minus ________.
Correct Answer : All costs
Your Answer : Explicit costs

The externality which causes an economic gain or an economic loss to other economic units is also referred to as ________ externality.
Correct Answer : Pecuniary
Your Answer : Pecuniary

While discussing the product divisibility of public and private goods, the principle of ________ may be applied in case of only those people who do not agree to pay or who cannot pay the market price
Correct Answer : exclusion
Your Answer : exclusion

Under the decreasing returns to scale, the marginal output curve slopes ________.
Correct Answer : downward
Your Answer : downward

The sum of all individual demands constitutes ________
Correct Answer : market demand
Your Answer : market demand

The costs which cover the cost of advertising is ________.
Correct Answer : Selling cost
Your Answer : Selling cost

Reasonable profit target as an alternative to the objective of profit maximization was suggested by ________.
Correct Answer : Joel Dean
Your Answer : Joel Dean
Defence service is an example of ________ good.
Correct Answer : indivisible
Your Answer : public

According to the World Bank's approach, the trade able items would be valued at the corresponding world prices and the non-trade able items at the ________.
Correct Answer : shadow prices
Your Answer : market prices

By ' profits', the accountant means total revenue minus_______.
Correct Answer : Explicit costs
Your Answer : Implicit cost

The law of constant returns to scale is depicted by the marginal output curve which is ________.
Correct Answer : horizontal
Your Answer : horizontal

In the 3rd stage of operation of the law of variable proportions, the marginal product becomes ________.
Correct Answer : negative
Your Answer : positive

When demand for the product increases in the same proportion in which income increases, Income elasticity of demand will be equal to_______.
Correct Answer : unity
Your Answer : greater than unity

A private limited company can be formed with 2 to 50 members maximum, excluding ________
Correct Answer : employee shareholders
Your Answer : employee shareholders

The liability of a Karta in a Joint Hindu Family Business firm is ________.
Correct Answer : limited
Your Answer : limited

Demand for a commodity depends on the relative price of its ________
Correct Answer : substitute goods
Your Answer : substitute goods

In a market system of an economy, producers are guided by ________ motive.
Correct Answer : profit
Your Answer : profit

The index numbers which measure the changes in the general price level of a country refers to ________
Correct Answer : Wholesale prices index
Your Answer : Wholesale prices index
Modern economists treat social cost and benefits as ________ of private investment and production decisions.

Correct Answer : externalities
Your Answer : externalities

The indivisible goods to which the principle exclusion does not apply are called ________ goods.

Correct Answer : pure public
Your Answer : private

The goods become ________ only when each individual has an access to the entire amount of it and its use by the individual does not reduce its availability to others.

Correct Answer : indivisible
Your Answer : public

Economists like A.C. Harberger have shown that the cost benefit analysis can be applied to ________ analysis.

Correct Answer : general equilibrium
Your Answer : general equilibrium

Demand for safety pins is ________

Correct Answer : inelastic
Your Answer : inelastic

In the context of formulating an investment project, ________ feasibility means the availability of supervisors for implementing and running the project smoothly and professionally.

Correct Answer : management
Your Answer : organizational

A fall in price tends the demand for goods to ________

Correct Answer : expand
Your Answer : expand

The cost which enter the accounts book of the firm are referred as ________.

Correct Answer : Accounting cost
Your Answer : Accounting cost

The partnership between private sector & government is called ________

Correct Answer : Joint sector enterprise
Your Answer : Joint sector enterprise

The goods become ________ only when each individual has an access to the entire amount of it and its use by the individual does not reduce its availability to others.

Correct Answer : indivisible
Your Answer : divisible

If the output rises in the greater proportion than that of the increase in factor inputs, it is referred to as ________.

Correct Answer : increasing returns to scale
Your Answer : increasing returns to scale
A fall in price tends the demand for goods to ________
Correct Answer : expand
Your Answer : increase

Perfectly elastic demand curve is ________
Correct Answer : horizontal
Your Answer : horizontal

In the context of externalities, driving the smoke-emitting buses and trucks in the cities is an example of ________ cost.
Correct Answer : social
Your Answer : social

Economists like A.C. Harberger have shown that the cost benefit analysis can be applied to ________ analysis.
Correct Answer : general equilibrium
Your Answer : general equilibrium

Supply is predominantly determined by ________.
Correct Answer : stock
Your Answer : demand

The social costs and benefits are the external economies and diseconomies resulting from the ________ activities, which are known as, "externalities"
Correct Answer : firm's
Your Answer : government

Cost-benefit analysis refers to the analysis undertaken to judge any projects ________ whether government or private and find out its worth.
Correct Answer : investments
Your Answer : investments

When there is ________ in foreign demand for the goods manufactured in a country, exports increase and prices of commodities in the country increase.
Correct Answer : Increase
Your Answer : Increase

Managerial ________ lies on the borderline of management and Economics.
Correct Answer : Economics
Your Answer : Economics

Propensity to consume is defined as the relationship between consumption and ________.
Correct Answer : Income
Your Answer : Income

Government has carried out various rounds of disinvestments of equity shareholding, realizing a total amount of ________.
Correct Answer : Rs. 20,320 crores
Your Answer : Rs. 19,320 crores
In a market system of an economy, producers are guided by ________ motive.
Correct Answer : Profit
Your Answer : Profit

Cost-benefit analysis refers to the analysis undertaken to judge any project's ________ whether government or private and find out its worth.
Correct Answer : Investments
Your Answer : Investments

Modern economists treat social cost and benefits as ________ of private investment and production decisions.
Correct Answer : Externalities
Your Answer : Externalities

The salary of the proprietor or rent on own land are the ________.
Correct Answer : Implicit cost
Your Answer : Implicit cost

Sole Proprietorship is also called sole ________.
Correct Answer : Tradership
Your Answer : Tradership

Perfectly elastic demand curve is ________.
Correct Answer : Horizontal
Your Answer : Horizontal

The externality which causes an economic gain or an economic loss to other economic units is also referred to as ________ externality.
Correct Answer : Pecuniary
Your Answer : Pecuniary

In the context of formulation of an investment project, ________ feasibility means the availability of land, plant, machinery, raw materials and technical know how etc.
Correct Answer : technical
Your Answer : infrastructure

Demand for safety pins is ________
Correct Answer : inelastic
Your Answer : relatively inelastic

Reasonable profit target as an alternative to the objective of profit maximization was suggested by ________.
Correct Answer : Joel Dean
Your Answer : Joel Dean

Output rises in a lesser proportion to that of the increase in input, under the case of ________.
Correct Answer : decreasing returns to scale
Your Answer : decreasing returns to scale
The cost which enter the accounts book of the firm are referred as ________.
Correct Answer : Accounting cost
Your Answer : Accounting cost

In the 3rd stage of operation of the law of variable proportions, the marginal product becomes ________.
Correct Answer : negative
Your Answer : negative

In a market economy ________ is the best judge of personal interest.
Correct Answer : individual
Your Answer : public

In a market system of an economy, producers are guided by ________ motive.
Correct Answer : profit
Your Answer : profit

An upward sloping demand curve is called ________
Correct Answer : exceptional demand curve
Your Answer : exceptional demand curve

The persons who own the ________hip concern are called Partners.
Correct Answer : Partners
Your Answer : Partners

The minimum number of directors which private limited should have is ________.
Correct Answer : 2
Your Answer : 2

In the context of externalities, driving the smoke-emitting buses and trucks in the cities is an example of ________ cost.
Correct Answer : social
Your Answer : environmental

Cost-benefit analysis refers to the analysis undertaken to judge any projects ________ whether government or private and find out its worth.
Correct Answer : investments
Your Answer : investments

Demand for a commodity depends on the relative price of its ________
Correct Answer : substitute goods
Your Answer : substitute goods

The index numbers which measure the changes in the general price level of a country refers to ________
Correct Answer : Wholesale prices index
Your Answer : Commodity prices index

Economists like A.C.Harberger have shown that the cost benefit analysis can be applied to ________ analysis.
Correct Answer : general equilibrium
Your Answer : general equilibrium
The minimum number of directors which public limited should have is ________.
Correct Answer : 3
Your Answer : 3

The necessary condition of profit maximization of a firm is that Marginal Revenue (M.R) must be equal to ________.
Correct Answer : Marginal cost (M.C)
Your Answer : Marginal cost (M.C)

Baumol has suggested as an alternative objective for profit maximization, the maximization of ________
Correct Answer : sales
Your Answer : sales

Under the decreasing returns to scale, the marginal output curve slopes ________.
Correct Answer : downward
Your Answer : downward

The salary of the proprietor or rent on own land are the ________.
Correct Answer : Implicit cost
Your Answer : Implicit cost

The liability of a Karta in a Joint Hindu Family Business firm is ________.
Correct Answer : limited
Your Answer : joint

A fall in price tends the demand for goods to ________
Correct Answer : expand
Your Answer : increase

If the output rises in the greater proportion than that of the increase in factor inputs, it is referred to as ________.
Correct Answer : increasing returns to scale.
Your Answer : increasing returns to scale.

In the context of externalities, driving the smoke-emitting buses and trucks in the cities is an example of ________ cost.
Correct Answer : social
Your Answer : social

The out of pocket costs are ________.
Correct Answer : Explicit costs
Your Answer : Explicit costs
Under perfect competition single seller can influence the price.
Correct Answer : False
Your Answer : False

Under perfect competition, price is determined by the interaction of total demand and total supply in the market.
Correct Answer : False
Your Answer : True

Macro-economies is a policy oriented science.
Correct Answer : True
Your Answer : True

The Keynesian theory emphasizes effective supply as a crucial factor in determining the level of income and employment.
Correct Answer : False
Your Answer : False

Under perfect competition, firms are free to enter and exit in the market.
Correct Answer : True
Your Answer : True

Correct Answer : True
Your Answer : True

The distinction between fixed costs and variable costs is relevant in the short period only.
Correct Answer : True
Your Answer : True

The sum of total fixed costs and total variable costs is the total cost.
Correct Answer : True
Your Answer : True

Private profit motive is an essential feature of Capitalism.
Correct Answer : True
Your Answer : True

Economic problem is faced by poor countries only.
Correct Answer : False
Your Answer : False

Micro-economics is primarily concerned with the problem of what, how and for whom to produce
Correct Answer : True
Your Answer : True
Pure public goods must be in the hands of public sector only.
Correct Answer : True
Your Answer : False

In any business, while formulating a profit policy, the possibility of emergence of rival firms must be taken into account
Correct Answer : True
Your Answer : True

Demand curve slopes downwards from left to right.
Correct Answer : True
Your Answer : True

The supply of factory made goods of daily consumption is inelastic.
Correct Answer : False
Your Answer : True

A firm under perfect competition is a price maker.
Correct Answer : False
Your Answer : False

Long period supply is relatively inelastic.
Correct Answer : True
Your Answer : False

The Keynesian theory emphasizes effective supply as a crucial factor in determining the level of income and employment.
Correct Answer : True
Your Answer : True

The government also fixes minimum procurement prices for major crops on the recommendation of the Agricultural Prices Commission (APC).
Correct Answer : True
Your Answer : True

There is considerable slush money with politicians & Government servants.
Correct Answer : True
Your Answer : True

Resources are said to be involuntarily unemployed when their wastage occur.
Correct Answer : True
Your Answer : True

Social costs cannot be included in a firm's account book.
Correct Answer : True
Your Answer : False

Measurement of profit becomes difficult because of the difficulty involved in the calculation of depreciation.
Correct Answer : True
Your Answer : True
A shift in the demand curve to the left shows increase in demand.

Correct Answer : False
Your Answer : False

Demand for luxury goods is inelastic

Correct Answer : False
Your Answer : False

The demand for life saving drugs is elastic.

Correct Answer : False
Your Answer : False

During periods of inflation, the income of farmers as a class decreases.

Correct Answer : True
Your Answer : False

To solve the unemployment problem, the level of effective demand must decrease.

Correct Answer : False
Your Answer : False

Market system or market economy suffers from time to time from economic depressions.

Correct Answer : True
Your Answer : True

Economic problem arises only in case of an overpopulated country.

Correct Answer : False
Your Answer : False

The meaning of the word “economic” is most closely associated with the word unlimited.

Correct Answer : True
Your Answer : True

In case of the co-operative societies supplying cheap inputs or supplying consumer products at fair prices, a system of subsidized pricing is followed.

Correct Answer : True
Your Answer : True

Institution of private property is not an essential feature of Capitalism

Correct Answer : False
Your Answer : False

There never was in any country at any time ‘pure capitalism’ or ‘pure communism

Correct Answer : True
Your Answer : True

The railways using a lot of coal in firing the steam locomotives put the residential and other areas near the loco – shades to a lot of sufferings on account of smoke nuisance, is an example of pr

Correct Answer : False
Your Answer : True
A Joint stock company has perpetual succession.
Correct Answer : True
Your Answer : True

The management of the cooperative form of business organization is totalitarian in nature.
Correct Answer : False
Your Answer : True

In macro-economic analysis the behavior of economic agents such as firms, households and government is seen in total, disregarding details at particular level.
Correct Answer : True
Your Answer : True

External economies are the advantages of large scale production enjoyed exclusively an individual firm alone.
Correct Answer : False
Your Answer : False

Economic problem arises only in case of an overpopulated country.
Correct Answer : False
Your Answer : False

The meaning of the word “economic” is most closely associated with the word unlimited.
Correct Answer : True
Your Answer : True

In case of the co-operative societies supplying cheap inputs or supplying consumer products at fair prices, a system of subsidized pricing is followed.
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Your Answer : True

Institution of private property is not an essential feature of Capitalism
Correct Answer : False
Your Answer : False

There never was in any country at any time ‘pure capitalism’ or ‘pure communism
Correct Answer : True
Your Answer : True

The railways using a lot of coal in firing the steam locomotives put the residential and other areas near the loco – shades to a lot of sufferings on account of smoke nuisance, is an example of pr.
Correct Answer : False
Your Answer : True

A Joint stock company has perpetual succession.
Correct Answer : True
Your Answer : True
The management of the cooperative form of business organization is totalitarian in nature.
Correct Answer: False
Your Answer: True

In macro-economic analysis the behavior of economic agents such as firms, households and government is seen in total, disregarding details at particular level.
Correct Answer: True
Your Answer: True

External economies are the advantages of large scale production enjoyed exclusively an individual firm alone.
Correct Answer: False
Your Answer: False

Bargaining is one of the remedies of corrective action.
Correct Answer: False
Your Answer: True

Accounting profit takes in to account opportunity cost.
Correct Answer: False
Your Answer: False

There are no real exceptions to the law of demand
Correct Answer: False
Your Answer: False

Demand curve slopes downwards from left to right.
Correct Answer: True
Your Answer: True

A firm under perfect competition is a price maker.
Correct Answer: False
Your Answer: False

Under perfect competition single seller can influence the price.
Correct Answer: False
Your Answer: False

During inflation, the pensioners whose income is permanently fixed, are substantially benefited.
Correct Answer: False
Your Answer: False

Saving is a private virtue
Correct Answer: True
Your Answer: True

In general SBI uses its monetary policy to achieve a judicious balance between the growth of production and control of the general price level.
Correct Answer: False
Your Answer: False
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Correct Answer : False
Your Answer : False

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Correct Answer : False
Your Answer : False

Market price fluctuates very often
Correct Answer : True
Your Answer : False

The divisible goods, whose benefits can be priced, are called pure public goods
Correct Answer : False
Your Answer : True

In case of a proprietary firm the liability of the proprietor is limited.
Correct Answer : False
Your Answer : False

During the phase of depression, the level of national income and expenditure rises rapidly.
Correct Answer : False
Your Answer : False

Demand for food grains is inelastic but the demand for wheat is elastic.
Correct Answer : True
Your Answer : False

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Correct Answer : True
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The laws of returns to scale explain the behavior of output in response to changes in scale.
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Your Answer : True

In the stage I of the law of diminishing returns, the marginal product goes on increasing.
Correct Answer : True
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Inflation reduces the purchasing power of money and savings.
Correct Answer : True
Your Answer : False
Micro-economics is primarily concerned with the problem of what, how and for whom to produce
Correct Answer : True
Your Answer : True

The price policy under monopolistic competition is dependent on the prices charged by other rival firms
Correct Answer : True
Your Answer : False

Private profit motive is an essential feature of Capitalism
Correct Answer : True
Your Answer : True

‘Free riders’ is a term associated with the people who would like to have benefit of a good without sharing the cost of its supply
Correct Answer : True
Your Answer : False

Inflation is a great opportunity for merchants to benefit more.
Correct Answer : True
Your Answer : True

The various phases of business cycles are shown by the line of cycle which moves up and down the steady growth line
Correct Answer : True
Your Answer : True

In the measurement of profit, the differences in the concept of profit arise out of the differences in cost concepts
Correct Answer : True
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The opportunity cost of a product is the opportunity gained of being able to produce some other product.
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Correct Answer : True
Your Answer : True

In case of indivisible goods, which are not priced, the decisions regarding their demand preferences are taken through price mechanism.
Correct Answer : False
Your Answer : True

A shift in the demand curve to the left shows increase in demand.
Correct Answer : False
Your Answer : True
Pure private goods are completely divisible and to them the principle of exclusion applies in full measure.
Correct Answer : True
Your Answer : True

External economies are the advantages of large scale production enjoyed exclusively an individual firm alone.
Correct Answer : False
Your Answer : True

Generally, the larger the income of a consumer, his demand for overall commodities tends to be relatively elastic.
Correct Answer : False
Your Answer : False

Supply management is related to the volume of supply & its distribution system.
Correct Answer : True
Your Answer : True

There are no real exceptions to the law of demand
Correct Answer : False
Your Answer : False

The prosperity phase is characterized by rise in the level of employment.
Correct Answer : True
Your Answer : True

A supply schedule is a graphical presentation of supply patterns.
Correct Answer : False
Your Answer : True

The subject matter of macro – economics includes the theory of income and employment at an individual level.
Correct Answer : False
Your Answer : False

Inflation is a great opportunity for merchants to earn more profit.
Correct Answer : True
Your Answer : True

A plant is an economic unit which takes various decisions related to production and distribution.
Correct Answer : False
Your Answer : False

During recession, on account of decline in investment by producers, there is decline in income and consumption.
Correct Answer : True
Your Answer : True

In case of a Joint Stock Company the liability of the share holders is unlimited.
Correct Answer : False
Your Answer : False
Micro-economics is primarily concerned with the problem of what, how and for whom to produce?
Correct Answer : False
Your Answer : True

During period of depression various factors of production lie unutilized.
Correct Answer : True
Your Answer : True

To solve the unemployment problem, the level of effective demand must decrease.
Correct Answer : False
Your Answer : False

During the period of recession there is increase in incomes of wage and interest earners.
Correct Answer : False
Your Answer : False

In a market system of economy, there is no harmony between individual interests and interests of the community.
Correct Answer : False
Your Answer : False

Institution of private property is not an essential feature of Capitalism.
Correct Answer : False
Your Answer : False

In a free-enterprise economy, the problems of what how and for whom are solved by a planning committee
Correct Answer : False
Your Answer : False

Profit should be large enough for a plough – back for business expansion.
Correct Answer : True
Your Answer : True

Accounting profit takes in to account opportunity cost.
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Your Answer : True

Demand for luxury goods is inelastic
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Your Answer : False

The sum of total fixed costs and total variable costs is the total cost.
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In case of the co-operative societies supplying cheap inputs or supplying consumer products at fair prices, a system of subsidized pricing is followed.

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In the stage I of the law of diminishing returns, the marginal product goes on increasing
Correct Answer : True
Your Answer : False

The damage being done by the factories at and around Agra to Taj Mahal is an example of social cost for private benefit.
Correct Answer : True
Your Answer : True

A monopolist in a price maker.
Correct Answer : True
Your Answer : True
The financing of the pure public goods has to be through public expenditure and not through market pricing.
Correct Answer : True
Your Answer : True

Giffen goods are superior goods.
Correct Answer : False
Your Answer : False

The question regarding the nature and quantities of commodities to be produced is solely restricted to capitalist economies.
Correct Answer : False
Your Answer : False

During the period of depression, a large part of a country’s resources lie involuntarily idle.
Correct Answer : True
Your Answer : True

The short run Average Cost (A.C.) curve is U shaped.
Correct Answer : True
Your Answer : True

Cyclical fluctuations are recurrent in nature
Correct Answer : True
Your Answer : True

Private profit motive is an essential feature of Capitalism.
Correct Answer : True
Your Answer : True

In the market, any one who agrees to pay the requisite price of a product would be excluded from their consumption.
Correct Answer : False
Your Answer : False

The concept of economic profit differs from that of normal profit.
Correct Answer : False
Your Answer : True

Macro economic studies are based on empirical evidence.
Correct Answer : True
Your Answer : True

In the Long-run, supply of goods can be adjusted to the demand and therefore supply curve is horizontal to the X-axis.
Correct Answer : False
Your Answer : True

Demand curve slopes upwards from left to right.
Correct Answer : False
Your Answer : False
Macro-economies is a policy oriented science.
Correct Answer : True
Your Answer : True

Social costs cannot be included in a firm's account book.
Correct Answer : True
Your Answer : False

Economic problem is faced by poor countries only.
Correct Answer : False
Your Answer : False

In case of the co-operative societies supplying cheap inputs or supplying consumer products at fair prices, a system of subsidized pricing is followed.
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Generally, the larger the income of a consumer, his demand for overall commodities tends to be relatively elastic.
Correct Answer : False
Your Answer : False

Supply management is related to the volume of supply & its distribution system.
Correct Answer : True
Your Answer : True

Under the disinvestment process, there is full transfer of ownership.
Correct Answer : True
Your Answer : False

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Your Answer : True

To solve the unemployment problem, the level of effective demand must decrease.
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Demand is related to price, time and place.
Correct Answer : True
Your Answer : False

In case of indivisible goods, which are not priced, the decisions regarding their demand preferences are taken through price mechanism.
Correct Answer : False
Your Answer : True
A monopolist's product is a unique product.
Correct Answer : True
Your Answer : True

The products sold by different sellers under pure competition are heterogeneous.
Correct Answer : False
Your Answer : True

Supply management is related to the volume of supply & its distribution system.
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Correct Answer : True
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Price discrimination is possible in perfect competition
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Your Answer : False

Free riders' is a term associated with the people who would like to have benefit of a good without sharing the cost of its supply.
Correct Answer : True
Your Answer : True

Demand curve slopes upwards from left to right.
Correct Answer : False
Your Answer : False

In case of a proprietary firm the liability of the proprietor is limited.
Correct Answer : False
Your Answer : False

Demand is related to price, time and place.
Correct Answer : True
Your Answer : False
A firm is a technical unit of a given capacity of output.
Correct Answer : False
Your Answer : False

In the traditional concept of equilibrium, a firm attains the equilibrium when the firm's Total Revenue (T.R.) = Total Cost (T.C.).
Correct Answer : False
Your Answer : True

There is no separation of ownership and management in case of a Joint Stock Company.
Correct Answer : False
Your Answer : False

Pure public goods must be in the hands of public sector only.
Correct Answer : True
Your Answer : True

The short run Average Cost (A.C.) curve is U shaped.
Correct Answer : True
Your Answer : True

In any business, while formulating a profit policy, the possibility of emergence of rival firms must be taken into account.
Correct Answer : True
Your Answer : True

Institution of private property is not an essential feature of Capitalism.
Correct Answer : False
Your Answer : False

Scarcity of resources is the root cause of economic problem.
Correct Answer : True
Your Answer : True

Inflation reduces the purchasing power of people's income and savings.
Correct Answer : True
Your Answer : True

Social costs cannot be included in a firm's account book.
Correct Answer : True
Your Answer : False

Economic problem arises only in case of an overpopulated country.
Correct Answer : False
Your Answer : False

The question regarding the nature and quantities of commodities to be produced is solely restricted to capitalist economies.
Correct Answer : False
Your Answer : True
There are no real exceptions to the law of demand
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Your Answer     : False

The federal government of U.S.A. does not face the basic economic problem.
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Your Answer     : False

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Inflation reduces the purchasing power of money and savings.
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Pure inflation starts only after reaching the full employment level.
Correct Answer : True
Your Answer     : True

A monopolist in a price maker.
Correct Answer : True
Your Answer     : True

A fall in quantity demanded without a fall in price shows decrease in demand.
Correct Answer : True
Your Answer     : True

The subject matter of macro - economics includes the theory of income and employment at an individual level.
Correct Answer : False
Your Answer     : False
The wage and salary earners who get fixed income in terms of money are benefited during inflation.
Correct Answer : False
Your Answer : False

Micro-economics is primarily concerned with the problem of what, how and for whom to produce?
Correct Answer : False
Your Answer : False

Inflation is characterized by excess of demand.
Correct Answer : True
Your Answer : True

Measurement of profit becomes difficult because of the difficulty involved in the calculation of depreciation.
Correct Answer : True
Your Answer : False

Free riders' is a term associated with the people who would like to have benefit of a good without sharing the cost of its supply.
Correct Answer : True
Your Answer : True

Generally, the larger the income of a consumer, his demand for overall commodities tends to be relatively elastic.
Correct Answer : False
Your Answer : True

Given the price, if the cost of production of a commodity decreases because of the use of improved technique of production, there will be increase in supply.
Correct Answer : True
Your Answer : True

In case of the co-operative societies supplying cheap inputs or supplying consumer products at fair prices, a system of subsidized pricing is followed.
Correct Answer : True
Your Answer : False

During periods of inflation, the income of farmers as a class decreases.
Correct Answer : True
Your Answer : True

Micro-economic theory studies how a free enterprise economy determines the price of economic resources.
Correct Answer : False
Your Answer : True

In India, the first phase of economic reforms is believed to have begun in 1985 when Vishwanath Pratap Singh was the Prime Minister of the country.
Correct Answer : False
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To solve the unemployment problem, the level of effective demand must decrease.
Correct Answer : False
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Contraction of supply is traced by the downward movement on the supply curve
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In the traditional concept of equilibrium, a firm attains the equilibrium when the firm’s Total Revenue (T.R.) = Total Cost (T.C.).
Correct Answer : False
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Managerial economics generally refers to the integration of economic theory with business
Correct Answer : Practice
Your Answer : Practice

A shift in the demand curve to the left shows increase in demand.
Correct Answer : False
Your Answer : False

The sum of total fixed costs and total variable costs is the total cost.
Correct Answer : True
Your Answer : True

The supply curve slopes downwards from left to right.
Correct Answer : False
Your Answer : False

Poverty is the root cause of Economic problem.
Correct Answer : False
Your Answer : False

The registration of a partnership firm is voluntary
Correct Answer : True
Your Answer : True

Market system or market economy suffers from time to time from economic depressions.
Correct Answer : True
Your Answer : True

Micro-economics is primarily concerned with the problem of what, how and for whom to produce?
Correct Answer : False
Your Answer : True

Under perfect competition, firms are free to enter and exit in the market.
Correct Answer : True
Your Answer : True
### Match The Following

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<td>Normal demand curve</td>
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<td>Inelastic demand curve</td>
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<td>Cross elasticity of demand between two perfect substitute will be</td>
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<td>A demand curve, which takes the form of a horizontal line parallel to the quantity axis illustrates elasticity</td>
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<td>Administered prices</td>
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<td>Variable cost can refer to</td>
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<td>The relationship between price and the quantity supplied of a product is indicated by</td>
<td>upward sloping curve</td>
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<td>Elasticity of supply means change in supply due to change in</td>
<td>price of commodity</td>
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<td>Fixed cost is known as</td>
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<td>Implicit cost</td>
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<td>Average variable cost (A.V.C.)</td>
<td>Short run cost</td>
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<td>Increase and decrease in supply</td>
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<td>Implicit costs are</td>
<td>the cost of resources owned by the firm</td>
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<td>Opportunity costs are also known as</td>
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<tr>
<td>The difference between average total cost &amp; average fixed cost shows</td>
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<td>The difference between average cost and average revenue is</td>
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<tr>
<td>Inflation</td>
<td>Reduction in purchasing power</td>
</tr>
<tr>
<td>Waste of resources</td>
<td>Involuntary unemployment</td>
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<tr>
<td>Joint – sector enterprises</td>
<td>Hindustan Machine Tools</td>
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<tr>
<td>State enterprises</td>
<td>Public welfare</td>
</tr>
<tr>
<td>The Homeostatic theory</td>
<td>Prof. Kenneth Boulding</td>
</tr>
<tr>
<td>Satisfying behavior</td>
<td>Cyert R.M. and J.G. March</td>
</tr>
<tr>
<td>Under perfect competition, it is assumed that the</td>
<td>cost of transportation does not exist</td>
</tr>
<tr>
<td>Excess capacity</td>
<td>monopolistic competition</td>
</tr>
<tr>
<td>Public enterprises may incur some social costs</td>
<td>which private enterprise may not bear at all.</td>
</tr>
<tr>
<td>The buyers and sellers may be away from each other and</td>
<td>yet they may constitute a market over telephone or through internet</td>
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<tr>
<td>Increase in demand</td>
<td>Upward shift of the demand curve</td>
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<td>Extension of demand</td>
<td>Downward movement on the demand curve</td>
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<tr>
<td>Question</td>
<td>Correct Answer</td>
</tr>
<tr>
<td>------------------------------------------------------------------------</td>
<td>--------------------------------------------------------------------------------</td>
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<tr>
<td>If demand remain unchanged on increase in supply will result in</td>
<td>A rise in equilibrium quantity</td>
</tr>
<tr>
<td>Market Price is a situation which</td>
<td>The supply is perfectly elastic</td>
</tr>
<tr>
<td>The responsiveness of demand to change in price is measured</td>
<td>Elasticity of demand</td>
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<tr>
<td>Unit income elasticity implies that as income rises demand for a</td>
<td>In the same proportion</td>
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<tr>
<td>commodity rises</td>
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<tr>
<td><strong>Question</strong></td>
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<tr>
<td>Managerial Economics</td>
<td></td>
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<tr>
<td>Resources</td>
<td></td>
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<tr>
<td>Division of society’s output of goods and services</td>
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<tr>
<td>Motor cars</td>
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<tr>
<td>Wants</td>
<td></td>
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<tr>
<td><strong>Question</strong></td>
<td></td>
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<tr>
<td>Marginal utility</td>
<td></td>
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<td>Total utility increases marginal</td>
<td></td>
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<td>At the saturation point for a commodity x the Mux is</td>
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<td>Marginal utilities are</td>
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<td>Total utility is</td>
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<tr>
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</tbody>
</table>

**Additional Information**

- J. M. Keynes
- General Theory of Employment, Interest and Money
- Managerial economics
- Resources
- Commodities
- Non-price competition
- Prestige price
- Administered prices
- Pricing in cooperative societies
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- Sole proprietorship
- Preference shares
- Public enterprises
- Human wants
- General Theory of Employment, Interest and Money
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- Resources
- Commodities

- Activity: Decision making and forward planning
- Scarcity: Goods and services

- Marketing: Non-price competition
- Prestige pricing: High price on account of prestige considerations
- Administered pricing: Public sector undertaking, state government

- Business forms: Sole proprietorship, preference shares, public enterprises
- General Theory of Employment, Interest and Money
- Managerial economics
- Resources
- Commodities