

**Pune Vidyarthi Griha's
College Of Science and Technology
F.Y.Bcom (Semester-I)
Subject: Business Economics**

Sample QP

Multiple Choice Questions:

1. The_____ method uses time series data.
 - A) Trend
 - B) End -use
 - C) Sample survey
 - D) Delphi
2. Which of the following methods is used to bridge the opinions given by different experts _____
 - A) Trend
 - B) End -use
 - C) Sample survey
 - D) Delphi
3. Which of the following methods makes use of historical data and demand determinants to forecast demand_____
 - A) Expert's opinion
 - B) Trend Analysis
 - C) Statistical
 - D) Sample survey.
4. Which is not a feature of market experiment method of demand forecast_____
 - A) Use of consumer clinics
 - B) Actual market situations are created.
 - C) Forecast is beased on past statistiacal data.
 - D) Based on oberved consumer behaviour.
5. _____ shows the overall output generated at a given level of input.
 - (a) Cost function
 - (b) Production function
 - (c) Iso cost
 - (d) Marginal rate of technical substitution
6. If LAC curve falls as output expands, this is due to _____.

- (a) Law of diminishing returns
- (b) Economics of scale
- (c) Law of variable proportion
- (d) Diseconomies of scale

7. Isoquants are equal to _____

- (a) Product Lines
- (b) Total utility lines
- (c) Cost lines
- (d) Revenue lines

8. The marginal product curve is above the average product curve when the average product is _____.

- (a) Increasing
- (b) Decreasing
- (c) Constant
- (d) None

9. Increasing returns to scale can be explained in terms of _____

- (a) External and internal economies
- (b) External and internal diseconomies
- (c) External economies and internal diseconomies
- (d) All of these

10. An isoquant is _____ to an iso cost line at equilibrium point.

- (a) Convex
- (b) Concave
- (c) Tangent
- (d) Perpendicular.

11. At the point of inflexion, the marginal product is _____.

- (a) Increasing
- (b) Decreasing
- (c) Maximum
- (d) Negative

12. Diminishing marginal returns implies _____.

- (a) Decreasing average variable costs
- (b) Decreasing marginal costs
- (c) Increasing marginal costs

(d) Decreasing average fixed costs

13. If the marginal product of labour is below the average product of labour. It must be true that_____.

(a) Marginal product of labour is negative

(b) Marginal product of labour is zero

(c) Average product of labour is falling

(d) Average product of labour is negative

14. Law of variable proportion is valid when_____.

(a) Only one input is fixed and all other inputs are kept variable

(b) All factors are kept constant

(c) All inputs are varied in the same proportion

(d) All other inputs are kept variable

15. Implicit costs are_____.

A) equal to total fixed costs.

B) comprised entirely of variable costs.

C) "payments" for self-employed resources.

D) always greater in the short run than in the long run.

16. Which would be an implicit cost for a firm? The cost_____.

A) of worker wages and salaries for the firm.

B) paid for leasing a building for the firm.

C) paid for production supplies for the firm.

D) of wages foregone by the owner of the firm.

17. If a firm's revenues just cover all its opportunity costs, then_____.

A) normal profit is zero.

B) economic profit is zero.

C) total revenues equal its explicit costs.

D) total revenues equal its implicit costs.

18. Suppose a firm sells its product at a price lower than the opportunity cost of the inputs used to produce it _____.

A) The firm will earn accounting and economic profits.

B) The firm will face accounting and economic losses.

C) The firm will face an accounting loss, but earn economic profits.

D) The firm may earn accounting profits, but will face economic losses.

19. Opportunity cost is_____.

- (a) Direct cost
- (b) Total cost
- (c) Accounting cost
- (d) Cost of foregone opportunity

20. As output increases, average fixed cost_____.

- (a) Remains constant
- (b) Starts falling
- (c) Start rising
- (d) None

21. Average fixed cost can be obtained through_____.

- (a) $AFC=TFC/TS$
- (b) $AFC=EC/TU$
- (c) $AFC=TC/PC$
- (d) $AFC=TFC/TU$