FYBMS SEM-I (REG. EXAM JAN. 2020-21)

BUSINESS ECONOMICS (SAMPLE PAPER)

1.In economics the central problem is----

a)Allocation

b)Consumption

c)Scarcity

d)Money

2. Macroeconomics deals with

a)The behavior of firms

b)Economic aggregate

c)The activities of individual unit

d)The behavior of the electronics industry

3. Microeconomics is NOT concerned with the behavior of

a)Aggregate demand

b) Consumers

c) Industries

d) Firms

4. The concept of changing only one variable at a time is associated with----

a) Problem of Choice

b) Other things being equal

c) Opportunity cost

d) Rival's reaction

5. Incremental cost refers to

a)Change in total cost due to unitary change in output.

b)A concept narrower than marginal cost

c)Change in total cost due to specific business decision

d)Same concept as marginal cost

6. When the price remains constant, _____ at sale of any output level.

a) Average revenue > Marginal revenue

b)Total revenue = Average revenue

c) Average revenue = Marginal revenue

d) Total revenue = Marginal revenue

7. Opportunity cost represents

a)cost related to accounting cost of a firm	b)cost related to optimum level of production	c)Average variable cost	d)revenue foregone by pursuing best course of action

8. The opportunity cost of a particular activity is

a)cost related to accounting cost of a firm

b)cost related to optimum level of production

c)Average variable cost

d)revenue foregone by pursuing best course of action

9. The opportunity cost of a particular activity is

a)the same for everyone pursuing this activity

b)forgone income in next alternative use

c)always decreases as more of that activity is pursued

d) usually known with certainty

10. The demand curve will shift to the left for most consumer goods when

a)Incomes decrease.
b)The prices of substitutes fall.
c)The prices of complements increase
d)When the price of the good decreases.

11. The following are causes of shift in demand EXCEPT the one
a)Change in income
b)Change in price
c)Change in fashion
d)Change in prices of substitutes

12. Which of the following will cause a change in quantity supplied?
a)Technological change.
b)A change in input prices.
c)A change in the market price of the good.
D)A change in the number of firms in the market.

13.The production function incorporates the technically efficient method of
a)Production
b)Process
c)Function
d)distribution

14. Production function involves
a)factor combination for maximum output
b)factor combination for minimum output
c) factor combination for constant output
d) factor combination for unitary output

15. Production function is a-----

a)stock concept
b)monetary concept
c)flow concept
d)geometrical concept

16. Production function brings in functional relationship between
a)cost and output
b)physical quantity and monetary transaction
c)scale and scope
d)input and output

17. short run in production function is a period
a) of less than one year
b) in which some factors can not be varied.
c) in which all factors are fixed.
d) in which production can not be increased.

18. Expansion path explains

a)Law of marginal returns through production function
b)law of returns to scale through Iso quants
c)law of diminishing marginal Utility through production
d)Law of equal proportions through cost analysis.

19. In the law of variable proportions _____ can not change
a)Production
b)Technology
c)Cost
d)output

20. In the law of variable proportions , rational economic decision is arrived when
a)AP = MP
b)TP is maximum
c)All Product curves are increasing
d)TP = MP

21. In the law of variable proportions , rational phase of production is
a)Law of Total returns
b)Law of increasing returns
c)Law of diminishing returns
d)Law of constant returns

22. The law of variable proportions states that
a)When the quantity of fixed factor changes, variable factor remains constant.
b)Factor substitutability possible only when all factors are variable.
c)When the quantity of all factor is increased, advanced technology is necessary.
d)When one factor is increased,keeping the other factors fixed, the marginal product of that factor will eventually decline.

23. Constant returns to scale follows
a)economies of scale

b)diminishing returns to scale

c)increasing returns to scale

d)diseconomies of scale

24. A cost which remains constant per unit at various levels of activity is

a)variable cost

b)fixed cost

c)mixed cost

d)manufacturing cost--------.

25. A fixed cost is a cost which

a)varies in total with changes in the level of activity

b)remains constant per unit with changes in the level of activity

c)varies inversely in total with changes in the level of activity

d)remains constant in total with changes in the level of activity

26.Scale economies and returns to scale generally produce a U-shaped

a)long-run Marginal cost curve

b)Long-run accumulative cost curve

c)Short run Average Cost curve

d)long-run average cost curve

27. Allocative Cost is a type of

a)fixed cost

b)variable cost

c)Average cost

d)Marginal cost

28. Variable cost is also known as

a)Prime cost

b)Supplementary Cost

c)Implicit cost

d)Economic cost

29.In the short run, when the output of a firm increases, its average fixed cost

a)Remains constant

b)Decreases

c)Increases

d)First decreases and then rises

30. Learning curve explains

a)Diseconomies of scale of fixed output.

b)relationship between Total cost and Average cost.

c)U shape of Average cost curve

d)Unit cost reduction of cumulative output.

31. The point at which sales volume shows the total revenue equals total expenses

a)Break even point

b)shut down point

c)least cost point

d)profit point

32. At Break even point-----

a)AC = MC

b)TR = TC

c)AC = AR

d)MC = MR

33. Which of the following is a characteristic of a perfectly competitive market

a)Firms are price setters

b)There are few sellers in the market

c)Firms can exit and enter the market freely

d)Government intervention

34. Which of the following is not the feature of perfect competition?

a)Price taker

b)Homogeneous product

c)Free entry and exit

d)Government intervention

35. Which of the following is not a feature of perfect competition?

a)Identical goods

b)Large number of sellers

c)Advertisements

d)uniform price

36. When the price is lower than average cost there will be _____.

a)Normal profit

b)Equilibrium

c)Loss

d)super normal Profit

37. If a perfectly competitive firm currently produces where price is greater than marginal cost it----

a)will increase its profits by producing more.

b)will increase its profits by producing less

c)is making positive economic profits

d)is making negative economic profits.

39. Under perfect competition the firm is in equilibrium when _____.

a)MR=MC

b)MC curve should cut MR curve from below

c)Both A and B

d)MR is greater than MC

40. When AR=MR=MC=AC, the firm will get

a)Normal profit

b)Super-normal profit

c)subnormal profit

d)loss

41. In the long run the firm is in equilibrium of the point where the _____.

a)LMC is greater than LMR

b)LMC is less than LMR

c)LMC=LMR

d)LAC = LMC

42. Perfectly competitive firms get only normal profit in the long run due to

a)free entry & exit

b)Government intervention

c)homogenous product

d)entry barriers

43. Under perfect competition equilibrium in an industry is established when _____.

a)LMC=LMR

b) Price=LAR=LAC

c)Long run industry demand and supply are equal

d)All of the above

44. Firms under perfect competition are _____.

A)Profit seekers

b)Price takers

c)Price setters

d)Price leaders

45. A price taker competitive firm _____.

a)Accept price administrated by the government

b)Can influence the market price

c)Accepts the prevailing market price

d)Shutdown the business when price is below cost

46. _____ is included in cost of production

a)supernormal profit

b)opportunity cost

c)normal profit

d)subnormal profit

47. Which of the following comes closer to economic defifnition of perfect competition?

A) McDonalds

B)Air Asia

c)Stock exchange

d)Indian railways

48. Under perfect competition _____.

a)A firm has lionated control in pricing

b)A firm alone cannot influence the market price

c)There is a price rigidity

d)Price is divided by the markup

49.When a perfectly competitive firm makes a decision to shut down, it is most likely that

a)Price is below the minimum of average variable cost

b)Fixed costs exceed variable costs

c)Average fixed costs are rising.

d)Marginal cost is above average variable cost.

50. The demand for a firms product in a perfect competition market, market price is at a prevailing _____.

a)Depending on the number of supplier

b)Perfectly elastic

c)Perfectly inelastic

d)Unitary elastic

51.The firm and industry are one and the same under

a)Perfect competition

b)Duopoly

c)Oligopoly

d)monopoly